

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Residential Tax Assessment Practices

April 2003



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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

April 23, 2003

The Honorable John J. Hainkel, Jr.,
President of the Senate
The Honorable Charles W. DeWitt, Jr.,
Speaker of the House of Representatives

Dear Senator Hainkel and Representative DeWitt:

We have performed an examination of 12 of the 70 tax assessors in the state. Our examination was conducted in accordance with Title 24 of the Louisiana Revised Statutes. The examination focused on the assessment practices of 11 parish tax assessors and one of the seven assessors in Orleans Parish. They are as follows:

- Ascension
- Bossier
- Cameron
- East Baton Rouge
- Evangeline
- Lafayette
- Morehouse
- Natchitoches
- Orleans Third Municipal District
- St. Tammany
- West Carroll
- West Feliciana

In addition, specific issues came to our attention in Winn and St. John the Baptist parishes.

This report presents background, scope and methodology, and our findings and recommendations. As a result of this examination, we also identified some matters that the legislature may wish to consider.

We gave each of the 14 assessors the findings specific to his or her parish. The assessor then provided a written response to those findings. The specific findings for each tax assessor and that assessor's response to those findings are included in Appendixes C through P. We have also obtained a response from the Louisiana Tax Commission, which is included as Appendix R.

Sincerely,

Grover C. Austin, CPA
First Assistant Legislative Auditor

GCA/dl

Residential Tax Assessment Practices

CONCLUSIONS

The following summarizes the findings that resulted from this limited examination of residential tax assessment practices in 12 parishes. We also performed more specific procedures in two additional parishes. The report is divided into five sections that give details of the conclusions. Specific findings related to the practices in each parish examined, along with the assessor's response, can be found in Appendixes C through P. The Louisiana Tax Commission's response can be found in Appendix R.

Residential Property Updates

The state constitution requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years [Article VII, Section 18(F)].

1. At least 27% of the residential property values in four of the parishes we sampled were not updated between 1996 and 2000 but should have been. *(See pages 7 through 9.)*
2. All 12 assessors that we studied lack formal policies and procedures for updating residential property values. *(See page 9.)*
3. Nine of the assessors we examined lack formal procedures to ensure that all residential properties are updated. *(See pages 9 through 10.)*

Fair Market Value

4. Three assessors included in our study (25%) are valuing property at less than 100% of fair market value; eight assessors included in our study (67%) are not updating residential properties to fair market value; and one parish appears to be updating properties to fair market value. *(See pages 11 through 15.)*
5. The geographic location of some properties makes it difficult for the assessor to determine fair market value. *(See page 16.)*
6. Most assessors we studied do not have formal documentation of their valuation methodology. *(See pages 16 through 17.)*
7. Four assessors included in our study (33%) do not have sufficient information to estimate fair market value of residential properties and five assessors in our study (42%) use outdated information to estimate fair market value. *(See pages 17 through 18.)*
8. Three assessors in our study (25%) have sufficient information to determine fair market value of residential properties. *(See page 18.)*

Completeness of Tax Rolls

9. The 12 assessors that we studied use different informal methods to identify properties that should appear on the tax rolls. *(See page 21.)*
10. Laws aimed at ensuring all properties are identified and placed on tax rolls are expensive to implement and may be unenforceable. *(See page 22.)*

Homestead Exemption Eligibility

11. The 12 assessors included in our study do not use any consistent or reliable methods to ensure homestead exemption eligibility. *(See pages 25 through 26.)*
12. Five of the 12 (42%) assessors we examined grant homestead exemptions to bond for deed buyers though not specifically included in the constitutional definition of ownership. *(See page 26.)*
13. Seven of the 12 (58%) assessors grant homestead exemptions to living parents who transfer property ownership to their children though the constitution requires ownership and occupancy. *(See page 26.)*
14. Eight of the 12 (67%) assessors grant more than one homestead exemption to either married or separated couples in contrast to the requirements of state law. *(See page 26.)*
15. In trust situations regarding homestead exemptions, three of the 12 (25%) assessors do *not* grant them to principal beneficiaries; three of the 12 (25%) assessors grant them to income beneficiaries; and five of the 12 (42%) assessors grant them to revocable living trust beneficiaries, in contrast to the Louisiana Administrative Code and Attorney General opinions. *(See page 27.)*
16. Ten of the 12 (83%) assessors grant homestead exemptions for use value land, which may not be allowed under state law. *(See pages 27 through 28.)*
17. Nine of the 12 (75%) assessors allow a homestead exemption on a property that is owned by two or more unmarried people to qualify for a homestead exemption, though the Louisiana Administrative Code states otherwise. *(See page 28.)*

Unallowable Homestead Exemptions

18. Four tax assessors granted more than one homestead exemption within their parishes for individual property owners in 2001. *(See pages 31 through 32.)*
19. Some individual property owners have homestead exemptions in two different parishes. *(See page 32.)*
20. One assessor granted homestead exemptions to a single property owner for more than \$7,500, for commercial land and for land without improvements. *(See page 32.)*
21. Some assessors granted homestead exemptions that may not be allowable under state law. For example, tax assessors granted homestead exemptions to bond for deed buyers, for a property with multiple unmarried owners and granted two homestead exemptions to a husband and wife. *(See page 33.)*
22. We conducted additional work in two other parishes and found that the assessors granted unallowable homestead exemptions. *(See pages 34 through 35.)*

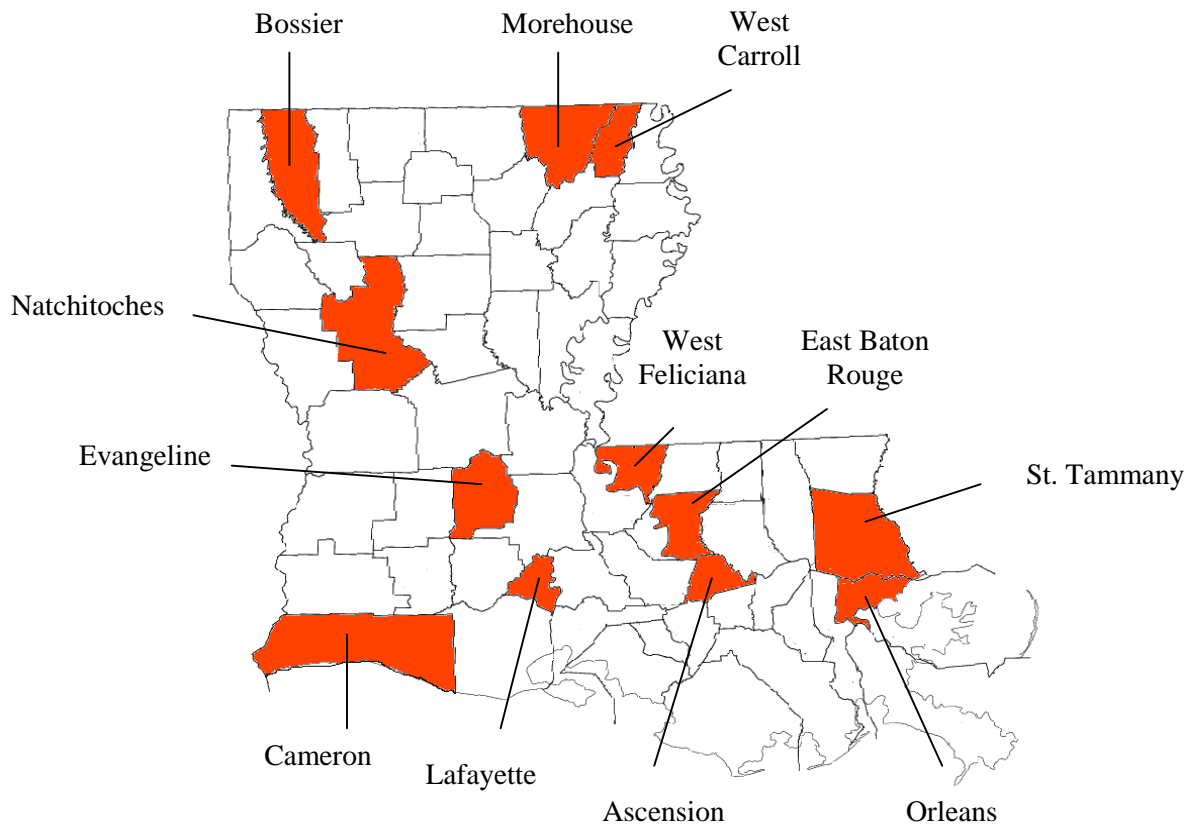
By not updating properties to fair market value, not updating residential properties every four years as required by the constitution, and allowing homestead exemptions on ineligible property, tax assessors are not ensuring that property owners are taxed fairly and uniformly statewide. In addition, they are not meeting the intent of the state's constitution. As a result, the parishes' taxing bodies suffer a loss of tax revenue, in addition to inequitable taxes among the parish residents.

Introduction

Background

We conducted this examination of a sample of tax assessors under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. The Legislative Audit Advisory Council approved this examination in February 2002.

We surveyed all tax assessors in the state. However, this examination focuses on 12 tax assessors in the parishes shown on the map below. The lack of a statewide database or standardized databases among the assessors contributed to the need to select a sample rather than auditing all 70 assessors in detail.



Appendix A contains our audit scope and methodology. Appendix Q summarizes relevant survey results for all 70 assessors. Appendixes C through P contain all parish specific information and the assessors' responses to this report. Appendix R contains the Louisiana Tax Commission's response.

Overview of Tax Assessors' Duties and Responsibilities

State law (R.S. 47:1903) empowers Louisiana tax assessors to enumerate, list, and assess property for ad valorem taxation. R.S. 47:1901 provides that one tax assessor is elected for each parish (except Orleans) at the general state election held every four years. Orleans Parish elects seven assessors, one for each metropolitan district. Each assessor is locally funded through property taxes. The assessor may appoint as many deputies as he or she may require.

The Louisiana Tax Commission (LTC) is the state's oversight body for ad valorem property taxation. State law (R.S. 47:1837A) empowers the LTC to administer and enforce all laws related to the state supervision of local property tax assessments and the assessment of public service properties. State law provides that the appraisal level of any parish or taxing district should not deviate more than 10% from the percentage of value required by the constitution (10% of fair market value for residential property.) The LTC measures the level of assessment through ratio studies. The LTC can require assessors to reassess property if property taxation is not uniform (i.e., if too many properties' assessed values within a parish differ too much from fair market value).

Property Valuation. Each year, all tax assessors are supposed to assess a property's fair market value on the basis of its condition as of the first day of the prior year. However, each assessor uses a different method of collecting, storing, and analyzing property data for valuation purposes. Assessors make the property tax rolls (i.e., a listing of all properties in the parish and their assessed values) available to the public and taxpayers are allowed to appeal property assessments. The law allows for penalties if any tax assessor intentionally or knowingly or through negligence omits any taxable property from the tax roll. In addition, because data on assessed property values and homestead exemptions from all 70 assessors are reported differently to the LTC, we were unable to provide an overall picture of the value of residential property and homestead exemptions that could be compared among parishes.

According to Article VII, Section 18 of the Louisiana Constitution and R.S. 47:2331, all property that is subject to taxation shall be reappraised (updated) every four years. Assessors should assess residential property and vacant land at 10% of its fair market value and commercial property at 15% of its fair market value. State law (R.S. 47:2321) defines fair market value as the price for property which would be agreed upon between a willing and informed buyer and a willing and informed seller under usual and ordinary circumstances. State law (R.S. 47:2323) requires that assessors follow uniform guidelines, procedures, and rules and regulations in determining fair market value. The law also requires assessors to use generally recognized appraisal procedures in determining fair market value. Exhibit 1 provides the legal description of the appraisal procedures.

Exhibit 1 Legal Description of Appraisal Procedures	
Method	Description
Market	Value estimate is predicated upon prices paid in actual market transactions and current listings.
Cost	Value of a property is derived by estimating the replacement or reproduction cost of the improvements, deducting therefrom the estimated depreciation, and then adding the market value of the land.
Income	Anticipated net income is processed to indicate the capital amount of the investment which produces the net income.
Source: Prepared by legislative auditor's staff using R.S. 47:2323(C).	

The correct assessment of property by the tax assessors is important to the equitable distribution of the tax base in Louisiana. The undervaluing or overvaluing of property affects taxpayers and recipients of government services throughout the state. Exhibit 2 illustrates the importance of correctly assessing property. As can be seen in the exhibit, by undervaluing this house, the parish taxing bodies lost \$250 in tax revenue. By overvaluing this home, the taxpayer paid \$250 in taxes he did not owe.

Exhibit 2 Effect of Assessed Value on Taxes Paid						
	Value Set by Assessor	Assessed Value of Home	Homestead Exempt Portion	Taxable Amount of Home	Millage Rate (100 mills)	Taxes to Be Paid
Undervalued	\$75,000	\$7,500	\$7,500	\$0	0.1	\$0
Correctly Valued	\$100,000	\$10,000	\$7,500	\$2,500	0.1	\$250
Overvalued	\$125,000	\$12,500	\$7,500	\$5,000	0.1	\$500
Source: Prepared by legislative auditor's staff.						

Homesteads. According to Article VII, Section 20 of the Louisiana Constitution, the primary residence of homeowners shall be exempt from ad valorem taxes to the extent of \$7,500 of its assessed valuation (fair market value). In addition, state law (R.S. 47:1703) requires that tax assessors from each parish (except Bossier, Jefferson, Madison, Orleans, Plaquemines, and St. Charles) provide a form to property owners within the parish for permanent registration for the homestead exemption.

Assessor's Workload. In July 2002, we surveyed all 70 tax assessors about their tax assessment practices. To better understand the tax assessor's office, we asked each assessor for information on his or her staffing levels and assessment workload. The results of that survey, for the 12 sample assessors, are summarized in Exhibit 3 below. The results for all 70 assessors can be found in Appendix Q. As the exhibit shows, the assessor's offices that we sampled are responsible for reassessing over 720,000 pieces of property and/or land every four years. To fulfill this responsibility, the 12 assessors' offices have only 56 staff members assigned to gather property data and perform appraisals. The ratio of the number of properties and/or parcels of land per employee who performs appraisals varies significantly among assessors. Exhibit 4 on the following page compares the assessors' workload to staffing.

Exhibit 3
Sample Tax Assessors' Workload and Staffing Levels
2000-2001

Parish	Total Number of Properties/Parcels in Parish	Total Number of Employees ^{1,2}	Number of Employees Who Perform Appraisals ²	Number of Properties/Parcels Per Employee	Number of Properties/Parcels Per Employee Who Performs Appraisals
Ascension	38,291	13	6	2,945	6,382
Bossier	77,999	26.5	10.5	2,943	7,428
Cameron	21,859	4	4	5,465	5,465
East Baton Rouge	220,087	43.5	4	5,059	55,022
Evangeline	20,837	4	2	5,209	10,419
Lafayette	77,523	22.5	9	3,445	8,614
Morehouse	37,024	7	2	5,289	18,512
Natchitoches	23,371	5.5	1.5	4,249	15,581
Orleans - 3rd	77,355	17	4	4,550	19,339
St. Tammany	96,065	33	9	2,911	10,674
West Carroll	19,349	1	1	19,349	19,349
West Feliciana	10,378	4	3	2,595	3,459
TOTAL	720,138	181	56	3,979 (average)	12,860 (average)

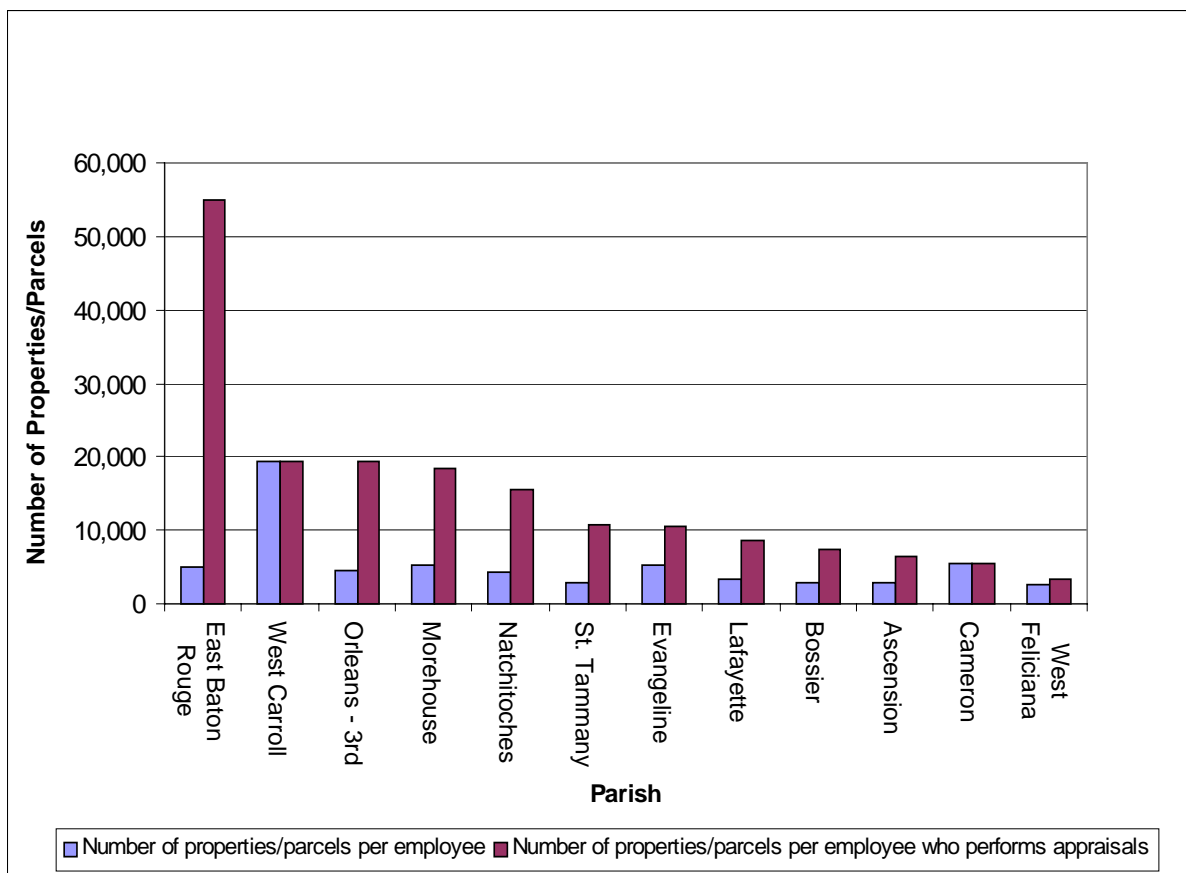
¹The total number of employees' column includes full-time and part-time employees.

² Does not include assessor.

Source: Prepared by legislative auditor's staff using responses from the July 2002 survey of Louisiana assessors.

Exhibit 4

Workload Distributions for Sample Tax Assessors



Source: Prepared by legislative auditor's staff using information obtained from a survey of Louisiana tax assessors.

Residential Property Updates

The state constitution requires that local tax assessors reassess all property subject to ad valorem taxation at intervals no greater than four years [Article VII, Section 18(F)]. In addition, R.S. 47:1957(G) authorizes the LTC to publicly reprimand or institute removal proceedings if it appears that an assessor has been willfully negligent or unfair in the assessment of property or in omitting it from the rolls.

At least 27% of the residential property values in four of the parishes we sampled were not updated between 1996 and 2000 but should have been.

Although many property values are updated in accordance with constitutional requirements, several assessors are not updating a significant number of properties in their parishes. Exhibit 5 shows the number and percentage of sampled properties in each parish that were not updated but should have been. Documentation at the assessors' offices shows that these properties were not updated. The value of many of these properties may not rise above the level of homestead exemption (\$75,000) and result in taxable assessments; however, the constitution requires the update of the properties. In addition, other information such as improvements, residency, and condition of property could be determined through regularly updating property.

Exhibit 5			
Properties That Were Not Updated But Should Have Been (by Parish)			
Parish	Total Number of Sampled Properties	Number of Properties Not Updated But Should Have Been	Percentage of Properties Not Updated But Should Have Been
Ascension	168	99	59%
Bossier	141	0	0%
Cameron	135	1	1%
East Baton Rouge	139	68	49%
Evangeline	137	50	37%
Lafayette	139	0	0%
Morehouse	139	37	27%
Natchitoches	139	0	0%
Orleans 3 rd	139	Assessor Did Not Respond ¹	
St. Tammany	115	0	0%
West Carroll	135	Could Not Determine ²	
West Feliciana	133	3	2%
Source: Prepared by legislative auditor's staff using information provided by the 12 parishes under our review.			
Notes:			
¹ The Orleans 3 rd Municipal District Tax Assessor could not provide information in order for the auditors to determine whether or not each of the 108 properties should or should not have been updated.			
² The West Carroll Parish Tax Assessor assumed office in 2001. She could not explain why properties in her parish were not updated for the 2001 tax roll.			

As can be seen from this exhibit, four of the parish assessors included in our study did not update a significant number of properties. Though property values may not change significantly over a four-year period of time, the lack of reviewing each property to determine assessed value could lead to inequitable assessments among property owners and a potential for the loss of tax revenue.

Exhibit 6 provides our projection of the results of our sampled properties to the total residential properties in each of the four parishes with significant numbers of properties not updated. If our projections are accurate, the number of properties that were not updated in each parish range from a low of 2,737 to a high of 62,153.

Exhibit 6		
Parishwide Projection of Properties Not Updated		
Parish	Percentage of Properties Not Updated	Number of Properties Not Updated
Ascension	Between 52.7% and 65.1%	12,582 to 15,542
East Baton Rouge	Between 41.9% and 55.9%	46,587 to 62,153
Evangeline	Between 29.8% and 43.2%	2,737 to 3,968
Morehouse	Between 20.4% and 32.8%	2,901 to 4,664
Source: Prepared by legislative auditor's staff using information provided by four assessors.		

The assessors cited several reasons for not updating all residential properties in their parishes. These reasons include the following:

- **Lack of data.** Some assessors do not have sufficient property data to make an accurate assessment. The types of data needed include square footage, current condition, property age, construction materials, and location. For example, the East Baton Rouge Parish Tax Assessor said he did not reassess all residential properties in 2000 because his office only has property data for 3% - 4% of the properties in the parish (see Appendix F). Also, the Orleans Third Municipal District Tax Assessor only had property data for 60% of the properties in our sample (see Appendix K).
- **Lack of staff and resources.** Some assessors said they do not have sufficient staff to carry out a complete reassessment in their parishes. For instance, the West Carroll Parish Tax Assessor had only a two-person staff when visited by auditors (see Appendix M). The assessor mentioned that she has had to rely on volunteers to collect property square footage data. The Ascension Parish Tax Assessor (see Appendix C) said his staff updated only residential properties in the 1996 reassessment cycle and mostly commercial properties in the 2000 cycle because of insufficient staff and resources.
- **Lack of technology.** A majority of the parishes, especially some rural parishes, lack the technology, such as a computer-assisted mass appraisal (CAMA) system, to expedite reassessments. For example, the Lafayette Parish Tax Assessor plans to have his CAMA

system in effect by fall 2003, whereas the West Carroll Parish Tax Assessor says her office lacks the financial resources to purchase such a system.

- **Lack of formal guidance from LTC.** The LTC does not offer any written guidance to help the assessors update residential properties in a consistent and timely manner.
- **Lack of priority for lower-valued properties.** Some assessors do not make it a priority to update what they believe are lower-valued homes (i.e., homes with assessed values below the \$75,000 homestead exemption level) because they think these homes have little or no effect on the parish's tax base. However, Article VII, Section 20(A)(3) of the Louisiana Constitution of 1974, as amended, states in part that the homestead exemption does not extend to municipal taxes (Orleans Parish excepted), except for taxes levied for school purposes. In Louisiana, 67% of homes are completely homestead exempted, but because the assessors are not examining all of these "low priority" properties, they cannot determine whether the market values of these properties have changed to the point where they may now exceed the homestead exemption level. In addition, these properties' low values can cause municipal tax collections to be lower than they could be.

All 12 assessors that we studied lack formal policies and procedures for updating residential property values.

Because no formal documentation exists, there is no criteria against which to measure the practices of each of the assessors we examined. Without formal procedures, there is also a greater risk that each individual assessor could be inconsistent in updating property values within his/her parish. There is an even greater risk of inconsistent practices among parish tax assessors. With formal policies and procedures, each assessor could establish his/her methodology for updating each property, the frequency of the update, and the documentation needed to justify changes in property values. Documented policies and procedures should be relatively consistent among parishes.

The need for documented policies and procedures is further evidenced in one parish included in our study. We found that an assessor who took office in 2001 was unclear on how to update property because her predecessor did not leave any written guidelines. Uniform policies and procedures would help ensure that this situation would not occur in the future.

Nine of the assessors we examined lack formal procedures to ensure that all residential properties are updated.

Although most of the assessors we reviewed said they employ a methodology that ensures all residential properties are updated every four years, we found that some of these methodologies are not effective. In addition, some assessors are aware of properties that need updating; however, they cite a lack of resources, including technology and staff, to gather the data required to update properties.

Four of the assessors have informal procedures and five of the assessors have no procedures. Two assessors use a computer program to generate a list of properties that have not been updated. The use of a computerized system provides these assessors with the ability to identify the properties. If the system is populated with current property descriptions on all properties in the parish, the assessor can electronically update the properties. One assessor that had a high percentage of properties not updated said that his computer system cannot identify the areas of the parish that need updating. One assessor used a manual system of flagging folders for property that had been updated; however, the assessor never checked the staff's work to ensure that all properties had been updated.

Recommendations for Assessors:

1. All tax assessors should adhere to the requirements of Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended. The assessors should ensure that all properties subject to ad valorem taxation are updated at four-year intervals as required.
2. The tax assessors should work with parish taxing bodies to secure and implement the appropriate technology and other resources (including staff) to collect the needed information on all properties in the parish.

Recommendation for LTC:

1. The LTC should develop written policies and procedures for conducting reassessments, including a mechanism that ensures that all properties in the parish are updated. These policies and procedures should be used by all tax assessors.

Fair Market Value

The state constitution [Article VII, Section 18 (A)] requires all properties be assessed at fair market value. State law requires that assessors follow uniform guidelines, procedures, and rules and regulations in determining fair market value [R.S. 47:2323(A)]. In addition, state law [R.S. 47:2323(C)] outlines two different methods that an assessor can use to estimate a residential property's fair market value. According to state law, residential property can be assessed using the market or the cost method for revaluing property. As mentioned in the previous section, the LTC can take action against an assessor if it appears the assessor was willfully negligent or unfair in the assessment of property.

Three assessors included in our study (25%) are valuing property at less than 100% of fair market value as required in the state constitution.

The tax assessors in Natchitoches and St. Tammany parishes and Orleans Third Municipal District purposely value properties at less than 100% of fair market value (see Appendixes J, L, and K, respectively). R.S. 47:1837 provides that the appraised level of any parish or taxing district should not deviate more than 10% from the percentage of value required by the constitution (10% of fair market value for residential property). The LTC has the responsibility of ensuring compliance with this law. Though this provision of law is intended to reflect the overall property appraisal level in each parish, these three assessors are interpreting the law to mean they can assess individual properties within 10% of fair market value.

One assessor said that they assess property below fair market value in order not to raise taxes too much. A taxing district in this parish voted not to roll back its millage rate when the total taxes collected increased because of reappraisal. The constitution mandates that millages be adjusted to prevent the increase or decrease of total taxes collected because of reappraisal or changes in the homestead exemption. This process is commonly referred to as the roll-forward/roll-back provision. However, the taxing authority can vote by a two-thirds majority and hold a public hearing to adjust the millage upward to enjoy the added revenues. Therefore, the assessor in this parish has chosen to reduce the burden on the taxpayers by improperly assessing properties at less than fair market value.

Eight assessors included in our study (67%) are not updating residential properties to fair market value as required by the state constitution.

Eight of the parishes in our sample are not updating residential properties to fair market value for various reasons. First, the Morehouse assessor said that he did not reassess rural properties assessed at \$6,000 or less (see Appendix I). Some assessors have said that they do not place a strong emphasis on updating properties that are below the homestead exemption threshold because they do not have an effect on the tax base. Assessors may have to use their resources where they will have the greatest impact. However, the constitution requires that all property be reassessed. In addition, municipal taxes are not subject to the homestead exemption in most parishes. Thus, undervaluing properties that fall below the homestead exemption threshold lowers the amount of tax revenues that affected municipalities will receive.

Second, in Ascension Parish, the assessor did not reassess most residential properties for the 2001 tax roll (see Appendix C). Thus, the assessor is not updating the property to fair market value.

Third, in some parishes our analysis showed that the methodology used by the assessor does not get to fair market value. In Cameron Parish, we used the assessor's methodology to determine property valuations and found that certain properties on the tax roll were underassessed (see Appendix E). In Bossier Parish, the assessor said that some neighborhoods are undervalued because depreciation rates may have been set too high, land values set too low, or properties may have been misclassified (see Appendix D). We used Marshall & Swift to estimate the value of homes that we sampled in Evangeline, West Carroll, and West Feliciana parishes. Our analysis showed undervalued properties after we performed the Marshall & Swift calculations. Louisiana Administrative Code (LAC) 61:V.303(A)(1) requires that assessors use Marshall & Swift when applying the cost approach to value property. Marshall & Swift is a provider of data and technologies to the appraisal industry. Appendixes G, M, and N contain specific detail of the analysis performed in these parishes.

The pictures on page 13 illustrate what happens when all properties are not updated to fair market value. For example, the pictures on page 13 show homes in the same neighborhood on the same street with similar square footages. However, we found these properties are assessed at significantly different values on the tax roll. For example, according to the information in the parish assessor's files, the improvement portion (land not included) of a 2,004 square foot home is assessed at \$9,960 (10% of \$99,600), while the improvement portion of a nearby 2,000 square foot home is assessed at \$13,200 (10% of \$132,000), 33% more. We extracted the land value from these amounts because we did not have information on the lot sizes. These assessed values do not appear equitable. By not updating all properties to fair market value, two people with similar homes in the same neighborhood might be paying drastically different amounts in property taxes.

The fourth reason we found that property was not assessed to fair market value was in East Baton Rouge Parish. The East Baton Rouge Parish assessor used an unauthorized valuation method. He routinely assessed properties only when they sold. The LTC has determined that if properties are added to the rolls at their sale prices, then other properties in the geographic area must be reappraised or at least the subject property should be indexed back to the market values as of the last appraisal [LAC 61:V.303(B)(2)]. If this is not done, it is commonly referred to as sales chasing.

The pictures on page 14 illustrate how similar homes on the same street in East Baton Rouge Parish have varying assessed values. It also shows how the values of some properties on the street changed between assessment periods but the home next door did not. All properties shown here that changed in assessed value from 1997 to 2001 were sold during that time period and the assessor used 10% of the selling price as the current assessed value. Although the LTC did not define geographic area, homes on the same street in the same neighborhood would likely meet the definition. When an assessor engages in sales chasing, the result is inequitable property taxes among the property owners of that parish.

West Feliciana Parish

These homes are located in the same subdivision and on the same street.



2,904 Square Foot Home
2001 Improvement Assessed Value **\$11,816**
2001 Land Assessed Value **\$1,590**
2001 Total Assessed Value **\$13,406**



2,755 Square Foot Home
2001 Improvement Assessed Value **\$21,396**
2001 Land Assessed Value **\$3,900**
2001 Total Assessed Value **\$25,296**



2,450 Square Foot Home
2001 Improvement Assessed Value **\$10,260**
2001 Land Assessed Value **\$2,450**
2001 Total Assessed Value **\$12,710**



2,481 Square Foot Home
2001 Improvement Assessed Value **\$17,590**
2001 Land Assessed Value **\$2,400**
2001 Total Assessed Value **\$19,990**



2,004 Square Foot Home
2001 Improvement Assessed Value **\$9,960**
2001 Land Assessed Value **\$1,200**
2001 Total Assessed Value **\$11,160**



2,000 Square Foot Home
2001 Improvement Assessed Value **\$13,200**
2001 Land Assessed Value **\$3,500**
2001 Total Assessed Value **\$16,700**

East Baton Rouge Parish

These homes are located in the same subdivision and on the same street.



These homes are next door to each other.

1997 Total Assessed Value ... \$9,850

2001 Total Assessed Value ... \$17,850

1997 Total Assessed Value ... \$13,700

2001 Total Assessed Value ... \$13,700



These homes are next door to each other.

1997 Total Assessed Value ... \$11,650

2001 Total Assessed Value ... \$17,500

1997 Total Assessed Value ... \$9,000

2001 Total Assessed Value ... \$9,000



These homes are next door to each other.

1997 Total Assessed Value ... \$10,700

2001 Total Assessed Value ... \$15,800

1997 Total Assessed Value ... \$12,550

2001 Total Assessed Value ... \$12,550

One parish appears to be updating properties to fair market value.

Our analysis found that the Lafayette Parish assessor appears to be updating properties to fair market value. See Appendix H for details on the work conducted in this parish.

Exhibit 7 Fair Market Value		
Are assessors in the sample parishes updating the residential properties in our samples to fair market value?		
Parish		Reason
Ascension	No	Assessor did not reassess most residential property for the 2001 tax roll.
Bossier	No	Property is being undervalued because of aggressive depreciation, too low of a land value, or misclassification of property.
Cameron	No	Property is being undervalued.
East Baton Rouge	No	Assessor is using sales chasing as a valuation methodology.
Evangeline	No	Using Marshall & Swift, we found undervalued properties in the sample.
Lafayette	Yes	Property appeared assessed to fair market value.
Morehouse	No	Rural property assessed at \$6,000 or less was not reassessed.
Natchitoches	No	Assessor values property at less than 100% of fair market value.
Orleans 3rd	No	Assessor values property at less than 100% of fair market value.
St. Tammany	No	Assessor values property at less than 100% of fair market value.
West Carroll	No	Using Marshall & Swift, we found undervalued properties in the sample.
West Feliciana	No	Using Marshall & Swift, we found undervalued properties in the sample.
Source: Prepared by legislative auditor's staff.		

The geographic location of some properties makes it difficult for the assessor to determine fair market value.

Fair market value of residential properties can be determined by the market or cost method according to state law. The market method relies on using recent sales in a neighborhood or subdivision to determine an average price per square foot to be used as a basis for valuation. This price is then applied to homes in the area. In rural areas, homes tend to be further apart and sales volumes can be low. Therefore, it is difficult for assessors to gather enough sales data to accurately use the market approach.

Also, in urban areas, properties tend to be similar in certain areas. A neighborhood contains homes and lots of similar values. However, in rural areas, properties in the same area may not be similar, making it difficult to apply the market method in such areas.

Most assessors (92%) we studied do not have formal documentation of their valuation methodology.

Eleven of the assessors in our sample do not have formal documentation of how they estimate a property's fair market value. In addition, the method used to value property varies depending on the property. In some cases, an assessor may not have enough information to use the market method and must rely upon the cost method. However, according to the International Association of Assessing Officers, because of the difficulty of estimating accrued depreciation, the cost method is more reliable for newer properties of standard materials, design, and workmanship.

State law [R.S. 47:2323(A)] requires that the LTC adopt uniform guidelines, procedures, and rules and regulations as necessary to implement criteria to ensure that fair market value is determined uniformly throughout the state. In addition, R.S. 47:1837 (D) (2) requires that the LTC prepare, issue, and periodically revise guides for the use of local assessors including appraisal manuals and cost and price schedules. However, the LTC has not provided guides or the guidance necessary to ensure that fair market value is determined uniformly throughout the state. The law also states that assessors may develop manuals. If such a manual is developed, the law requires that the LTC approve it.

Exhibit 8	
Documentation of Valuation Methodology	
Parish	Do assessors have formal documentation of their valuation methodology?
Ascension	No
Bossier	Yes
Cameron	No
East Baton Rouge	No
Evangeline	No
Lafayette	No (process is automated but not documented)*
Morehouse	No
Natchitoches	No (process is automated but not documented)*
Orleans 3rd	No
St. Tammany	No
West Carroll	No (there is no methodology)
West Feliciana	No
* Current assessor is in the process of developing/implementing a new system and formal documentation is being developed.	
Source: Prepared by legislative auditor's staff.	

The lack of a formal documented valuation methodology could cause properties within a parish and across the state to not be valued uniformly as required by state law.

Availability of Data on Property Characteristics

To determine a property's assessed value, assessors need to know a considerable amount of information about the properties that they assess. The assessors that we examined had varying degrees of data on property characteristics. Some had no data, some had outdated data, and others had current, sufficient data.

Four assessors included in our study (33%) do not have sufficient information to estimate fair market value of residential properties.

Four of the assessors in our study did not have the data necessary to estimate a property's fair market value. State law (R.S. 47:2324) requires that assessors gather all data necessary to properly determine the fair market value of all property subject to taxation in the parish or district. For example, a deputy assessor in East Baton Rouge Parish estimates that they have information for only 3% - 4% of the properties in the parish. In Evangeline Parish, we could not find data on property characteristics for

64% of the properties we requested. Without knowledge of a property's basic physical characteristics such as size, age, and general condition, assessors cannot estimate a property's fair market value.

State law (R.S. 47:2324) allows assessors to use self-reporting forms (LAT 1, Residential, or Homeowner's Report Form) to collect data on property characteristics from property owners. R.S. 47:2325 provides for the format of the forms that are to be used. This data collection tool can be used by all assessors to gather the information necessary to determine a property's assessed value.

Five assessors in our study (42%) use outdated information to estimate fair market value.

For five assessors, property files contained data on property characteristics necessary to determine fair market value. However, the information was outdated or undated, and we could not determine if it was current. For example, the last time that LAT1 forms were used in Lafayette Parish to collect information from every taxpayer was 1977. In West Carroll Parish, much of the information was dated prior to the latest reassessment cycle. We often found LAT 1 forms dated in the 1970s in several parishes.

Three assessors in our study (25%) have sufficient information to determine fair market value of residential properties.

Three assessors in our study appeared to have the current information necessary to determine fair market value of residential properties.

Exhibit 9	
Data Collection	
Parish	Do assessors have the necessary information to determine fair market value of properties in the sample?
Ascension	Yes, but cannot determine if current
Bossier	Yes
Cameron	No
East Baton Rouge	No
Evangeline	No
Lafayette	Yes, but outdated
Morehouse	Yes, but outdated
Natchitoches	Yes
Orleans 3rd	No
St. Tammany	Yes
West Carroll	Yes, but outdated
West Feliciana	Yes, but sometimes outdated
Source: Prepared by legislative auditor's staff.	

Recommendations for Assessors:

3. All tax assessors should adhere to the requirements of Article VII, Section 18 of the Louisiana Constitution of 1974, as amended. The assessors should ensure that all properties subject to ad valorem taxation are assessed to fair market value.
4. Assessors should develop and maintain documentation of their valuations and how they are calculated. Documentation is important in order to show taxpayers how an assessed value was reached. Without the documentation, it can appear the assessor arbitrarily assigned an assessed value, rather than uniformly assessing property as required by the Article VII, Section 18(D) of the state constitution.
5. All tax assessors should adhere to the requirements of R.S. 47:2324. The assessors should gather all data necessary to properly determine the fair market value of all property subject to ad valorem taxation in the parish or district. In addition, the assessors should ensure that the data are current and accurate.

Recommendations for LTC:

2. The LTC should prepare and issue guides for the use of local assessors including appraisal manuals that offer specific guidance on assessing properties at fair market value using the market and cost methods in accordance with R.S. 47:1837(D)(2). The IAAO issues standards and guides that the LTC could use to develop appraisal manuals. These guides will help ensure that property is assessed uniformly throughout the state.
3. The LTC should monitor the local tax assessors to ensure that they are not willfully negligent or unfair in the assessment of property or in omitting it from the rolls. If LTC finds that an assessor has been willfully negligent or unfair, the LTC should publicly reprimand the assessor or institute removal proceedings through the attorney general as provided for in R.S. 47:1957(G).

Completeness of Tax Rolls

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on an assessment list (tax roll). Although state laws provide some mechanisms to ensure that assessors list all properties, no formal systems exist to assist them in ensuring that all property is identified and then placed on the tax roll. State laws require tax assessors to visit each property in their jurisdictions. There are also state laws that require property owners to list and report their property to the tax assessors. Furthermore, the LTC is required by law to find properties that are not on parish tax rolls. Finally, tax recipient bodies are required to furnish assessors with equipment, supplies, and maps they need to perform their duties. Exhibit 10 on page 23 lists some of the ways that assessors use to identify properties in their parishes.

The 12 Assessors That We Studied Use Different Informal Methods to Identify Properties That Should Appear on the Tax Rolls.

No formal documented systems exist among the 12 assessors that we studied to ensure completeness of the tax rolls, but the assessors do informally attempt to use available resources as illustrated in Exhibit 10. We asked the 12 assessors and their staffs how each assessor ensures that all properties within the parish appear on the tax roll. Several assessors said that they cannot use all the methods available because of a lack of funding or manpower. In addition, the lack of clear guidance from statute and the LTC on what should be done to ensure that all properties appear on the tax roll contributes to the inability to ensure that all properties appear on the tax roll.

The sample assessors use various informal techniques to ensure that all properties in their parishes appear on the tax rolls. Exhibit 10 shows that the majority (11 out of 12) of our sample parishes obtain building permits to ensure that properties appear on the tax rolls and to identify property modifications that may increase property values. Other methods that the assessors told us about are listed as follows:

- Seven assessors (58%) in our sample said they use conveyance records.
- Six assessors (50%) in our sample get information from utility companies. Utility companies require a building permit or some other evidence of occupancy in order to turn on electricity at an address. The utility companies share this information with the assessor's office to help identify occupied properties.
- Six assessors (50%) in our sample conduct physical inspections of neighborhoods to find new properties and ensure that they are on the tax rolls. Tax assessors are required by state law [R.S. 47:1958(C)] to visit each property in their jurisdiction. However, the law is not clear as to how often these visits should occur.
- Five assessors (42%) in our sample say they use the 911 emergency response system to identify properties within the parish. The 911 system requires a physical address for all property so that emergency services can reach them.

Laws Aimed at Ensuring All Properties Are Identified and Placed on Tax Rolls Are Expensive to Implement and May Be Unenforceable.

Different state laws distribute the burden of identifying property that should appear on tax rolls among the LTC, tax assessors, and taxpayers. However, these laws may be expensive to implement and unenforceable. State law charges the LTC with searching for properties that are not shown on the assessors' tax rolls. According to an LTC official, the commission does not have sufficient staff to conduct such inspections. R.S. 47:1966(B) states:

The tax commission is authorized to inspect the assessment rolls of the various parishes of the state and ***shall*** search for taxable property not on the rolls . . . The tax commission is authorized to employ and pay for such persons as may be necessary to carry out the provisions of this Section, and also to pay the actual traveling and other necessary expenses of such persons when performing the duties prescribed. (Emphasis added.)

State law also requires each taxpayer to report all property holdings to the assessor. R.S. 47:1956(A)(2) directs each taxpayer to complete a form listing his/her property and to make an oath to its correctness. It also provides for penalties if the taxpayer intentionally makes misstatements. Assessors could use this statute to ensure that all taxpayers are reporting all of their property and that these properties are reflected in the tax roll.

One state law [R.S. 47:1958(C)] requires the assessor to visit each property in his/her parish. However, this law does not say how frequently the assessor should make these visits. In addition, R.S. 47:1957(F) provides for penalties for an assessor who intentionally omits any taxable property from the tax rolls. We found no evidence that any assessor had intentionally omitted properties from the tax rolls.

Exhibit 10
Methods Used in Sample Parishes to Ensure Properties Appear on Tax Rolls

Parish	Building Permits	Aerial Photography	Mapping System	Utility Companies	Conveyance Records	Inspections of Parish	Other
Ascension	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> 911 system Sheriff's Office (Civil)
Bossier	✓			✓		✓	<ul style="list-style-type: none"> 911 system Legal News
Cameron	✓	①		✓	✓		<ul style="list-style-type: none"> Newspaper Review occupational licenses
East Baton Rouge	✓				✓		
Evangeline	✓				✓	✓	<ul style="list-style-type: none"> 911 system Contractors
Lafayette	✓	✓	✓				
Morehouse	✓		✓	✓	✓	✓	
Natchitoches	✓	✓			✓	✓	<ul style="list-style-type: none"> Legal News Multiple listing services Telephone & city directories Previous tax rolls
Orleans 3 rd	✓			✓			<ul style="list-style-type: none"> Review safety and demolition permits Review occupational licenses
St. Tammany	✓			✓			<ul style="list-style-type: none"> 911 system Appraisers & realtors
West Carroll			✓		✓	✓	<ul style="list-style-type: none"> 911 system Appraisers, attorneys, abstractors, & mortgage companies
West Feliciana	✓	②	✓				
TOTAL	11	3	5	6	7	6	

① Cameron Parish only has aerial photographs that were taken in 1984.

② West Feliciana used aerial photographs in the past, but these are now obsolete. The assessor plans to take new aerial photographs beginning in February 2003.

Source: Prepared by legislative auditor's staff using information obtained from the 12 assessors we examined.

Aerial Photography With Map Overlays Used by Two of 12 Assessors.

The most accurate (complete) method of ensuring that all properties are on the tax roll, aerial photography combined with a mapping system, is only used by two parishes (three other parishes use a mapping system alone). Many assessors explained that the cost of aerial photography and digital mapping is prohibitive. Some help may be available through the Louisiana Graphic Information Center (LAGIC), which was set up by R.S. 49:1054 under the Louisiana Geographic Information Systems Council (LAGISC) to provide various geographic information systems services throughout the state. Although aerial photographs may be available through LAGIC, each assessor's office must have the appropriate mapping software in order to use them in a combined system. They may be able to obtain some funding for this software from the various tax recipient bodies in their parishes. State law (R.S. 33:4713) requires all tax recipient bodies in the parish to bear the cost of the assessor's equipment, supplies, and maps in the proportion of the tax monies they receive.

Recommendations for Assessors:

6. In accordance with R.S. 47:1956(A)(2), all assessors should obtain the proper forms from the LTC to send to all property owners in the parish to obtain sworn property listings.
7. All assessors should work with their local taxing bodies under the provisions of R.S. 33:4713 to acquire the necessary resources for digital mapping systems. Where possible, assessors should take advantage of the aerial photography provided by LAGIC under the direction of LAGISC.

Recommendations for LTC:

4. In accordance with R.S. 47:1956(A)(2), the LTC should devise and send to all assessors uniform forms for property owners to list all of their property in a parish and return to the tax assessor. These forms should include an oath that the property owner signs stating that the list is complete and accurate.
5. The LTC should provide formal guidance to the assessors on how they can ensure that all properties appear on the tax roll.

Matter for Legislative Consideration:

1. The legislature may wish to amend or repeal R.S. 47:1966(B). This statute requires LTC staff to inspect each property of the state and determine if a property appears on the tax rolls. This effort could be cost prohibitive. In addition, R.S. 47:1958(C) already requires the assessor to visit each property in his/her parish.

Homestead Exemption Eligibility

Article VII, Section 20(A)(1) of the Louisiana Constitution of 1974, as amended, defines a bona fide homestead as follows:

The bona fide homestead, consisting of a tract of land or two or more tracts of land with a residence on one tract and a field, pasture, or garden on the other tract or tracts, not exceeding one hundred sixty (160) acres, buildings and appurtenances, whether rural or urban, owned and occupied by any person . . . The same homestead exemption shall also fully apply to the primary residence, including a mobile home, which serves as a bona fide home and which is owned and occupied by any person.

Three prerequisites must exist before a homestead exemption is granted, according to LAC 61:V.3503(A)(3):

1. Affected tax must be state, parish or special ad valorem (Orleans excepted).
2. Taxpayer must own the property.
3. Taxpayer must reside on the property he/she owns.

Each homestead is exempt from state, parish, and special ad valorem taxation to the extent of \$7,500 of the assessed valuation.

Many of the other laws pertaining to homesteads and homestead exemptions are unclear, and the LTC may not be providing sufficient guidance to assessors on how to apply the laws consistently. As a result, properties that qualify for a homestead exemption in one parish might not qualify in another parish.

We interviewed the assessors in our 12 sample parishes and summarized their responses on the following pages and in Exhibit 11 on pages 29-30. This exhibit describes certain provisions pertaining to homesteads and homestead exemptions and summarizes how they are interpreted and applied among the sample tax assessors.

The 12 assessors included in our study do not use any consistent or reliable methods to ensure homestead exemption eligibility.

Assessors said it is often difficult to obtain information they need to be able to grant homestead exemptions in accordance with the law. For example, assessors cannot easily determine if a homeowner's homestead exemption eligibility changes, if married couples are receiving homestead exemptions on more than one residence, or if owners are permanent residents of the parish. Although state law (R.S. 47:1703.1B) provides that a taxpayer must notify assessors within 60 days if his or her eligibility changes, only six out of ten assessors believed that taxpayers routinely did so. (This law does not apply to Orleans and Bossier parishes.)

While there are measures the assessors can take to gather information needed to prevent duplicate or ineligible homestead exemptions, there is no consistent and reliable manner in which to do so. Several assessors have attempted to use resources such as utility companies, 911 (emergency system) address

listings, and voter registration records to determine homestead exemption eligibility. However, most of them do so only when they have reason to suspect that a property owner may not qualify because it is often difficult and time-consuming to perform these searches. A unique identifier that can be used across parishes to identify property owners would make verifying this information more accurate and efficient.

Five of the 12 (42%) assessors we examined grant homestead exemptions to bond for deed buyers though not specifically included in the constitutional definition of ownership.

A primary area of inconsistency that we found pertains to bond for deed buyers. Louisiana law defines bond for deed as a contract to sell real property, in which the purchase price is to be paid by the buyer to the seller in installments and in which the seller after payment of a stipulated sum agrees to deliver the title to the buyer (R.S. 9:2941). However, Article VII, Section 20(A) of the state constitution does not specifically include bond for deed buyers in its definition of ownership. Also, Section 21 of the same article does not exempt bond for deed property from taxation. In addition, the Louisiana Supreme Court ruled in *Wooden v. Louisiana Tax Commission* that R.S. 9:2948, which establishes a bond for deed buyer as a property owner solely for the purpose of the homestead exemption, is unconstitutional because it indirectly establishes an exemption from ad valorem taxes. In its decision, the court stated that in order to allow a homestead exemption for bond for deed buyers, the legislature could redefine ownership in the civil code to include the status of a bond for deed buyer or it could propose an amendment to Article VII, Section 21 of the state constitution.

Seven of the 12 (58%) assessors grant homestead exemptions to living parents who transfer property ownership to their children though the constitution requires ownership and occupancy.

According to the state constitution, to qualify for a homestead exemption, a person must own and occupy the property that he/she is claiming. Specifically, Article VII, Section 20(A)(2) states in part that the homestead exemption shall extend to the surviving spouse or minor children of a deceased owner. If a living parent transfers property to a child but still lives in the property, then the child is the owner and the parent is the occupant. Therefore, the parent would no longer be eligible to receive a homestead exemption because he/she is no longer the owner of the property. Homestead exemption laws require ownership and occupancy.

Eight of the 12 (67%) assessors grant more than one homestead exemption to either married or separated couples in contrast to the requirements of state law.

Article VII, Section 20(A)(1) of the state constitution states that a homestead exemption can only be applied to the primary residence. In addition, AG Opinion 95-268 states that a husband and wife, each owning his/her own separate residence, can only claim a homestead exemption on the residence deemed to be the principal domicile residence. However, neither the state constitution nor any other law we could find addresses married couples who are separated. Two assessors that we examined allow more than one homestead exemption to either married or separated couples, and six assessors allow more than one homestead exemption to married couples who are separated.

In trust situations regarding homestead exemptions, three of the 12 (25%) assessors do *not* grant them to principal beneficiaries; three of the 12 (25%) assessors grant them to income beneficiaries; and five of the 12 (42%) assessors grant them to revocable living trust beneficiaries;, in contrast to the Louisiana Administrative Code and Attorney General opinions.

Laws and other legal authorities pertaining to trusts were also interpreted and applied very differently among the assessors we interviewed. Many assessors said these trust situations were rare and thus difficult for them to know when and how to apply them. LAC 61:V.3503(C)(1) states that principal beneficiaries of trusts who occupy property owned by the trust are eligible to receive homestead exemptions but income beneficiaries are not. We found that three of the 12 assessors *do not* grant homestead exemptions to principal beneficiaries of trusts. Also, three assessors *do* grant homestead exemptions to income beneficiaries of trusts. In addition, AG Opinion 74-371 states that revocable living trust beneficiaries are not eligible to receive homestead exemptions; however, five of the 12 assessors *do* grant homestead exemptions to revocable living trust beneficiaries.

Ten of the 12 (83%) assessors grant homestead exemptions for use value land, which may not be allowed under state law.

State law and LTC regulations define four different types of use value land. According to R.S. 47:2302, these land types are as follows:

- **Agricultural land.** Land devoted to the production for sale, in reasonable commercial quantities, of plants and animals, or their products, useful to man.
- **Horticultural land.** Land devoted to the production for sale, in reasonable commercial quantities, of fruits, vegetables, flowers, or ornamental plants.
- **Timber land.** Land stocked by forest trees of any size and specie, or formerly having such tree cover within the last three years and not currently developed or being used for nonforest purposes, and devoted to the production in reasonable commercial quantities, of timber and timber products.
- **Marsh land.** Wetland other than bona fide agricultural, horticultural, or timber land.

Article VII, Section 18(C) of the state constitution says that agricultural, horticultural, marsh, and timber land is assessed at 10% of use value rather than fair market value. According to an LTC official, land use valuation results in a lower assessed value. He said that the law was designed as an incentive to keep land in production.

However, neither the constitution, the revised statutes, nor the administrative code specifically say that use value land is eligible to be exempted from ad valorem taxes. Article VII, Section 20(A)(1) and LAC 61:V.3503(D)(1) consider a field, garden, or pasture used by the owner as part of the homestead, but they do not define field, garden, or pasture as use value land. Furthermore, LAC 61:V.3503(D)(7) states that income producing property is not homestead exempt. As can be seen from the above definitions, most use value land (except marshland) is income producing; therefore, it may not be eligible for a homestead exemption. According to an LTC official, use value land should not be homestead exempt.

However, a May 1989 attorney general's opinion stated that timber land (which is use value land) is eligible to be homestead exempt if it is part of the same contiguous tract upon which the residence is situated. By allowing land that is already assessed at a lower value to also receive a homestead exemption, the assessors may be granting an exemption on already reduced property.

Nine of the 12 (75%) assessors allow partial ownership to qualify for a homestead exemption, though the Louisiana Administrative Code states otherwise.

Nine assessors in our study grant homestead exemptions for partial ownership of a property. As previously stated, the constitution requires ownership of property in order to be eligible for a homestead exemption. The administrative code [LAC Title 61 Part V, Sec. 3503(C)(4)] states property owned indivision (by two or more unmarried persons) is not entitled to the homestead exemption except for minor children of a deceased owner as specifically provided by the constitution.

Recommendation for Assessors:

8. Assessors should follow the provisions in the constitution, state law, and the administrative code when granting homestead exemptions.

Recommendations for LTC:

6. The LTC should publish a guide to homestead exemption situations in accordance with its responsibilities under R.S. 47:1837. This guide should include when properties qualify as homesteads in situations such as when living parents transfer land to their children, separated couples, use value land and trust situations.
7. Should the legislature choose to clarify the definition of "any person" as mentioned in Article VII, Section 20(A) of the state constitution, the LTC should then amend the LAC to address the issue of granting homestead exemptions for properties owned indivision (by two or more unmarried persons) when the property is their primary residence.

Matters for Legislative Consideration:

2. The legislature may wish to consider whether bond for deed buyers should be entitled to a homestead exemption. If the legislature wishes these buyers to receive this benefit, then it must do one of the following:
 - Amend the civil code to redefine ownership to include the status of a bond for deed buyer, OR
 - Propose an amendment to Article VII, Section 21 of the state constitution to include bond for deed buyers.
3. The legislature may wish to consider enacting legislation that either grants or denies homestead exemptions on land classified as use value.
4. The legislature may wish to more clearly define "any person" as mentioned in Article VII, Section 20(A) of the state constitution, for purposes of granting homestead exemptions to properties owned by two or more unmarried persons when the property is their primary residence.

Exhibit 11

Summary of Sample Tax Assessors' Interpretation of Homestead Laws

Provision	Authority	Assessors' Responses
Bond for deed buyers are not eligible for a homestead exemption.	<ul style="list-style-type: none"> • LAC Title 61 Part V Section 3503(C)(3) • AG Opinion 95-393A • Supreme Court decision 	<ul style="list-style-type: none"> • 5 assessors allow. • 7 assessors do not allow.
Partial ownership is not eligible for a homestead exemption.	LAC Title 61 Part V Section 3503(C)(4)	<ul style="list-style-type: none"> • 9 assessors allow. • 3 assessors do not allow.
A living parent who transfers property to child(ren) is not eligible for a homestead exemption.	AG Opinion 1936-38	<ul style="list-style-type: none"> • 7 assessors allow. • 5 assessors do not allow.
People who are not permanent residents of the parish are not eligible for a homestead exemption.	AG Opinion 92-143	<ul style="list-style-type: none"> • 1 assessor allows. • 11 assessors do not allow.
Married couples are eligible for only one homestead exemption, even if they own separate residences.	<ul style="list-style-type: none"> • LA Constitution Article VII, Section 20(A)(2) • AG Opinion 95-268 	<ul style="list-style-type: none"> • 2 assessors allow more than 1. • 10 assessors do not allow more than 1. [Note: Six of these ten assessors allow more than one homestead exemption to separated couples.]
<ul style="list-style-type: none"> • A homestead consists of one or more tracts of land, not to exceed 160 acres. • There is no limit to the number of separate tracts of land. • Those tracts are not required to be adjacent. 	<ul style="list-style-type: none"> • LA Constitution Article VII, Section 20(A)(1) 	<ul style="list-style-type: none"> • 1 assessor limits a homestead exemption to four 40-acre tracts and requires those tracts to be adjacent. • 3 assessors do not limit the number of separate tracts but require them to be adjacent. • 6 assessors do not limit the number of separate tracts and do not require them to be adjacent. • 2 assessors have no large tracts of land.
A homestead may consist of a field, garden, or pasture. Use value land is defined as agricultural, horticultural, marshland, and timberland. There is no legal authority allowing a homestead exemption for use value land.	<ul style="list-style-type: none"> • LA Constitution Article VII, Section 20(A)(1) • LAC Title 61 Part V Section 3503(D)(1) • R. S. 47:2302-2303 	<ul style="list-style-type: none"> • 10 assessors allow a homestead exemption for use value land. • 2 assessors do not have any use value land.
Timberland is not eligible for a homestead exemption unless the residence is situated on a contiguous tract.	AG Opinion 89-260	<ul style="list-style-type: none"> • 10 assessors allow a homestead exemption for timberland. • 2 assessors have no timberland.
If a homestead consists of a field, pasture, or garden, the taxpayer must personally use the land.	LAC Title 61 Part V Section 3503(D)(8)	<ul style="list-style-type: none"> • 5 assessors require the taxpayer to personally use the land. • 6 assessors do not require the taxpayer to personally use the land. • 1 assessor does not have any large tracts of land.
The income producing part of a residence is not eligible for a homestead exemption.	LAC Title 61 Part V Section 3503(D)(7)	<ul style="list-style-type: none"> • 2 assessors allow a homestead exemption for income producing property. • 10 assessors do not allow a homestead exemption for income producing property.

Exhibit 11 (Cont.)**Summary of Sample Tax Assessors' Interpretation of Homestead Laws**

Provision	Authority	Assessors' Responses
Property held in a trust and occupied by the principal beneficiary of the trust is eligible for a homestead exemption.	<ul style="list-style-type: none"> • LAC Title 61 Part V Section 3503(C)1) • AG Opinion 88-278 	<ul style="list-style-type: none"> • 9 assessors allow a homestead exemption for principal beneficiaries of trusts. • 3 assessors do not allow a homestead exemption for principal beneficiaries of trusts.
Property held in a trust and occupied by the income beneficiary of the trust is not eligible for a homestead exemption.	LAC Title 61 Part V Section 3503(C)1)	<ul style="list-style-type: none"> • 3 assessors allow a homestead exemption for income beneficiaries of trusts. • 7 assessors do not allow a homestead exemption for income beneficiaries of trusts. • 2 assessors have no income beneficiaries of trusts.
Property which has been placed in a revocable inter vivos trust is not eligible for a homestead exemption.	AG Opinion 74-371	<ul style="list-style-type: none"> • 5 assessors allow a homestead exemption to beneficiaries of living trusts. • 6 assessors do not allow a homestead exemption to beneficiaries of living trusts. • 1 assessor has no beneficiaries of living trusts.
A usufructuary is not eligible for a homestead exemption, unless the usufructuary is a surviving spouse or child.	AG Opinions 82-1126 and 80-605	<ul style="list-style-type: none"> • 7 assessors allow a homestead exemption to usufructuaries other than a surviving spouse or child. • 5 assessors do not allow a homestead exemption to usufructuaries other than a surviving spouse or child.
Any person who knowingly makes a false statement or provides false information applying for a homestead exemption is guilty of a misdemeanor, punishable by fine and/or imprisonment.	R. S. 47:1703(C)	<ul style="list-style-type: none"> • 2 assessors have reported someone for making false statements to obtain a homestead exemption. • 10 assessors have not reported anyone for making false statements to obtain a homestead exemption.
A taxpayer must notify the assessor in writing that his homestead exemption eligibility has changed within 60 days of the change. Any person who fails to do so is guilty of a misdemeanor, punishable by fine and/or imprisonment. This provision does not apply to Bossier, Jefferson, Madison, Orleans, Plaquemines, and St. Charles parishes. (Only ten parishes included in analysis. Statute does not apply to two sample parishes, Bossier and Orleans.)	R. S. 47:1703.1(B)	<ul style="list-style-type: none"> • 6 assessors said taxpayers often notify them of changes in homestead eligibility. • 4 assessors said taxpayers do not often notify them of changes in homestead eligibility.

Source: Prepared by legislative auditor's staff using information obtained in interviews with tax assessors.

Unallowable Homestead Exemptions

The state constitution (Article VII, Part 2, Section 20) allows for one property to be exempted from state, parish, and special ad valorem taxes up to \$7,500 of the assessed valuation for an individual. In addition, the LAC provides that a person can claim only one homestead exemption. If two pieces of property are claimed as part of a homestead, one piece must include a residence and the other piece may be used by the owner as a field, garden, or pasture.

We were able to more closely examine four assessors' tax rolls for unallowable homestead exemptions (see Appendixes C, H, L, and N). These tax rolls were in an electronic format that enabled us to search for property owners with more than one property receiving a homestead exemption. We analyzed each of the four tax rolls for an individual name with more than one property receiving a homestead exemption. We sent lists of these names and properties to the assessors and asked them to determine the following:

1. Did the same individual own all of the properties that were listed under that name?
2. If the properties belonged to the same individual, was the second (or subsequent) homestead exemption(s) allowable?

The resolutions that we received back from the assessors showed that the assessors had granted taxpayers unallowable homestead exemptions. As a result, the taxing bodies in these parishes received less tax revenues than they could have.

All four assessors granted more than one homestead exemption within their parishes for individual property owners in 2001.

We sent lists containing 1,569 property owners who appeared to have homestead exemptions on more than one property to three assessors to determine if these property owners did indeed have a homestead exemption on more than one property. After their review, the assessors reported that at least 358 or 23% of the property owners were granted more than one homestead exemption in 2001.

In two parishes, the assessors had already removed 22 of the 337 instances for the 2002 tax roll. One of the two assessors reported that 169 additional instances would be removed for the 2003 tax roll. For one of these two parishes, if it had collected taxes on the 189 properties that should not have been homestead exempted in 2001, it could have collected as much as \$247,637 more in property tax revenue. This example assumes that all of the properties were assessed at a minimum of \$7,500. In the third parish, the tax assessor acknowledged that 21 property owners were granted more than one homestead exemption in 2001.

In the fourth parish, the current assessor removed 130 of these homestead exemptions after he took office in 2001. This assessor interprets homestead exemption laws more strictly than his predecessor and began removing those exemptions with the 2002 tax roll. He has also removed the 17 cases that we called to his attention from the 2003 tax roll. Furthermore, there were 333 cases in this parish where the assessor could not determine if the homestead exemption was allowable. He is continuing to follow up on those cases and will remove the exemption, if necessary.

Our methodology only addressed homestead exemptions where the properties are listed under the same name. If a person has more than one homestead exemption listed under different names, for example, maiden name and married name or husband's name and wife's name, we would not have been able to identify it.

The lack of unique identifiers statewide and within a parish for each property owner increases the risk that an assessor will grant more than one homestead exemption. R.S. 47:2325 provides a format for self-reporting property description forms assessors can send to property owners. According to this statute, these forms should contain provisions for all property owners to report their and their spouse's social security numbers. Social security numbers could then be used as a unique identifier to ensure that only one homestead exemption is granted to a property owner and his/her spouse. R.S. 47:2327 states that these forms shall not be subject to the public records law, thus ensuring that the social security numbers remain confidential.

In addition, a statewide database that contains property information, including social security numbers, would enable assessors to determine if a property owner applying for a homestead exemption in one of their parishes has a homestead exemption in another parish. R.S. 47:1837(D)(3) states that the LTC shall develop, maintain, and enforce a uniform statewide system for the preparation of assessment lists, tax rolls, and all other necessary forms. This statute gives the LTC the authority and duty to establish a statewide database that could be used as a mechanism to ensure that each property owner receives only one homestead exemption.

Some individual property owners have homestead exemptions in two different parishes.

We became aware of nine property owners in one parish that had homestead exemptions on the 2001 tax roll and also had mailing addresses in a second parish. Both parishes were among our sample of 12 parishes. We contacted the second parish and the assessor's staff there told us that at least four of the nine property owners had a homestead exemption on the 2001 tax roll in that parish, too.

Assessor granted homestead exemptions to a single property owner for more than \$7,500.

In one parish, the assessor granted at least four property owners homestead exemptions for more than \$7,500. Article VII, Section 20(A) of the constitution states that a homestead can only be exempt to the extent of \$7,500. These four instances of excessive homestead exemptions ranged from \$7,700 to \$8,500.

Assessor granted homestead exemptions on commercial property.

In one parish, the assessor allowed at least two homestead exemptions to include commercial property. Article VII, Section 20(A)(1) of the constitution defines a homestead as including a tract of land with a residence and a field, pasture, or garden on the other tracts of land. It also states that homestead exemptions will only be granted to homesteads. The constitution, state law, and the administrative code do not provide for commercial property to be included in a homestead exemption.

Assessor granted homestead exemptions for land without improvements.

In one parish, the assessor allowed at least two homestead exemptions for land without improvements. Article VII, Section 20(A) of the constitution states that a homestead must include a residence.

Assessors granted homestead exemptions that may not be allowable under state law.

As we reviewed two of the tax assessors' resolutions of the potential multiple homestead exemptions, other situations came to our attention that illustrate unallowable homestead exemptions mentioned in the previous section (for example, bond for deed buyers, partial ownerships, and husband and wife living in different residences).

- **Tax assessors granted homestead exemptions to bond for deed buyers.**

In two of the four parishes, we found at least 55 instances where the assessor had granted multiple homestead exemptions to the holder of the bond for deed. For example, one taxpayer had 29 properties with homestead exemptions listed in his name. One of these properties was his primary residence, and the other 28 were for properties to which he held bonds for deed. Earlier in this study, we pointed out that some assessors grant bond for deed buyers homestead exemptions while others do not. However, the state constitution does not include bond for deed buyers in its definition of ownership.

- **Tax assessors granted homestead exemptions for partial ownership of a property.**

In two of the four parishes, we found at least 12 instances where the assessor had granted homestead exemptions for partial ownership of a property. For example, a person resides in a house but owns the house with three other people. The assessor grants a homestead exemption for the house. As previously stated, the constitution requires ownership of property in order to be eligible for a homestead exemption. The administrative code [LAC Title 61 Part V, Section 3503(C)(4)] states property owned by two or more unmarried persons is not entitled to the homestead exemption except for minor children of a deceased owner as specifically provided by the constitution.

- **At least one tax assessor granted a husband and wife two homestead exemptions.**

In one of the parishes, the tax assessor allowed a husband and wife and a separated couple homestead exemptions on two houses. Article VII, Section 20(A)(1) of the state constitution states that a homestead exemption can only be applied to the primary residence. In addition, AG Opinion 95-268 states that a husband and wife, each owning his/her own separate residence, can only claim a homestead exemption on the residence deemed to be the principal domicile residence. However, neither the state constitution nor any other law we could find addresses married couples who are separated.

Additional Work in Other Parishes

In addition to our work in the 12 sample parishes, similar issues came to our attention in other parishes and we conducted more limited work in two additional parishes. Appendixes O and P contain more specific information and the responses from these parishes.

Both tax assessors granted more than one homestead exemption within their parishes for individual property owners.

The state constitution [Article VII, Section 20(A)(1)] allows for one property to be exempted from state, parish, and special ad valorem taxes up to \$7,500 of the assessed valuation for an individual. It also requires that homestead exempted property be owned and occupied by the person receiving the exemption. In addition, the LAC provides that a person can claim only one homestead exemption.

In one parish, a deputy assessor said there are more than 400 property owners in that parish who have two or more homestead exemptions. For example, one property owner owned three homes in that parish, one that he lived in and two where his children lived. He received homestead exemptions for all three homes. The deputy assessor said that the common practice in that parish is to allow multiple homestead exemptions to a property owner if a relative occupies the other home and rent is not collected. He also said that two of these homestead exemptions were removed in 2002 when an audit brought this matter to his attention.

In the other parish, the assessor has received homestead exemptions on two homes for eight years. In 1995, the assessor's mother donated her home to him and two other siblings, but kept a usufruct. The home is listed in the assessor's name and has continued receiving a homestead exemption. As a result, the assessor had received two homestead exemptions for eight years, one on the donated home and one for his primary residence. The assessor said this is a common practice in his parish and has removed the homestead exemption since the auditors' last visit to his office.

Assessor granted unallowable homestead exemptions.

In one parish, change orders filed in 1999, 2000, and 2001, were examined to determine if the change was allowable under the homestead exemption laws. Change orders are used to make changes to the tax rolls after the filing deadline. The LTC is required to certify all change orders. The change orders we examined changed taxable property to homestead exempt property. In addition, we found some unallowable homestead exemptions through follow-up to allegations made to our office. We found the following:

- **The assessor granted homestead exemptions for rental property.**
Article VII, Section 20(A) of the state constitution requires that homestead exempted property be owned and occupied by a person. Rental property is not owned and occupied by the same person and therefore does not qualify for a homestead exemption. We found at least three instances of rental property with a homestead exemption in this parish.

For example, a home and lots assessed for \$3,020 were changed from taxable to homestead exempt. However, we have information that it appears a renter has occupied the home. As a result, the property owner has owned this home, with a renter, and lives in a second home in the same parish with a homestead exemption.

- **The assessor granted a homestead exemption to a corporation.**
LAC 61:V.3503(D)(1) prohibits corporations and partnerships from receiving homestead exemptions. However, we found at least one instance where the assessor granted a homestead exemption to a corporation from 1995 to 2002.
- **The assessor granted a homestead exemption even though the property owner had a primary residence and homestead exemption in another parish or state.**
We found at least four instances where the assessor granted homestead exemptions to property owners that had a primary residence and homestead exemption in another state or parish. For example, one homeowner received a homestead exemption in one parish even though the homeowner has lived in and has a second homestead in another parish since 1995.
- **The assessor granted homestead exemptions for partial ownership of property.**
The constitution [Article VII, Section 20(A)] requires ownership of property in order to be eligible for a homestead exemption. The administrative code (LAC Title 61 Part V, Sec. 3503 C.4.) states property owned by two or more unmarried persons is not entitled to the homestead exemption except for minor children of deceased owner as specifically provided by the constitution. We found at least five instances where the assessor granted homestead exemptions for partial ownership of property.

Recommendations for Assessors:

9. All assessors should adhere to the requirements of Article VII, Section 20 of the Louisiana Constitution, as amended. The assessors should obtain social security numbers of property owners to ensure that they receive only one homestead exemption as allowed by the constitution and the administrative code.
10. The assessors should work with the LTC on developing and using a uniform statewide database that can be used to store property description information. The database should include unique identifiers, such as social security numbers, as a method to track property owners in the state.

Recommendations for LTC:

8. The LTC should develop and implement a statewide electronic database that can be used by all assessors to store property description information. The database should include unique identifiers, such as social security numbers, as a method to track property owners statewide.
9. The LTC should ensure that change orders are only certified for allowable changes. For instance, LTC should verify that a property being changed from taxable to homestead exempt qualifies for a homestead exemption.

Matters for Legislative Consideration:

5. The legislature may wish to institute measures that hold the LTC more accountable for its duty of ensuring that tax assessors are applying the laws of the state relative to homestead exemption uniformly. In addition, these measures should ensure that all property owners of the state are treated the same among parishes.
6. The legislature may wish to consider whether to address the issue of locally elected assessors reporting to a state appointed commission. The LTC may not have or be able to fully exercise its power to require assessors to obtain and use the necessary equipment to ensure that an effective statewide database can be designed and implemented.

Appendix A

Scope and Methodology

Appendix A: Scope and Methodology

Scope of Examination

We focused this examination on the assessment practices of 12 of the 70 tax assessors in the state. Specifically, we examined residential property assessments that appear on the 2001 tax rolls, which is the year immediately following the last reassessment year. We focused on the following areas to see if assessors are complying with applicable laws:

- Updating properties at least once every four years
- Assessing properties at their fair market value
- Ensuring that all taxable properties in the parish are on the tax rolls
- Interpreting and applying homestead laws correctly
- Granting homestead exemptions in accordance with state law

Selection of Sample Assessors

We judgmentally selected a sample of 12 parish tax assessors based on the following factors:

- Geography
- Population
- Wealth
- Growth
- Industrialization
- Assessment method
- Use of a computer-assisted mass appraisal system
- 2001 LTC ratio study results

We identified those parishes that we felt best represented the state based on the above factors and chose the following 12 parishes for examination:

1. Ascension
2. Bossier
3. Cameron
4. East Baton Rouge
5. Evangeline
6. Lafayette
7. Morehouse
8. Natchitoches
9. Orleans Third Municipal District (Orleans Parish is divided into seven municipal districts with one assessor for each district. We chose the Third Municipal District because it includes 48% of the parish's population.)

10. St. Tammany
11. West Carroll
12. West Feliciana

Residential Property Updates

To determine whether the 12 sample assessors update residential property values at least once every four years, we interviewed each assessor to obtain an understanding of his/her assessment practices. We also selected a statistically valid random sample of residential properties in each parish to calculate the number of sample properties that were not updated in accordance with constitutional requirements. We compared the 1997 and 2001 assessment values for each sample property and obtained explanations from the assessors for the properties that were not updated.

We then projected our sample results to the total number of residential properties in each of four parishes with a significant number of properties that were not updated but should have been, using a 90% confidence level.

Fair Market Value

To determine whether the 12 sample assessors update residential property values to fair market value, we interviewed each assessor to obtain an understanding of how he or she assesses a property's value. We then judgmentally selected a random sample of 25 properties in each parish, and we reviewed the assessors' files (where available) for each property to determine whether the files contained the necessary information to estimate fair market value. In cases where there was sufficient information, we re-calculated the assessment values using either the assessor's valuation methodology or Marshall & Swift software and compared our calculations to the values on the 2001 tax rolls. We could not perform this step in cases where there was insufficient information.

We also judgmentally selected one subdivision in nine of the 12 sample parishes. We compared the 2001 assessment values of certain properties in those subdivisions to determine whether they are valued equitably, consistently, and to fair market value.

Completeness of Tax Rolls

To determine whether and to what extent the 12 sample assessors ensure that all residential properties are included on the tax rolls, we interviewed each assessor to ascertain the methods he/she uses to identify residential properties. The results in this section of the report are based entirely on testimonial evidence provided by the assessors.

Homestead Exemption Eligibility

To determine whether and to what extent the 12 sample assessors ensure that taxpayers are eligible for homestead exemptions, we interviewed each assessor to obtain an understanding of his/her interpretation and application of the homestead exemption laws and to identify the methods he/she uses to ensure that applicants qualify for the exemption. We also compared the assessors' interpretations of these laws to the constitution, revised statutes, state administrative code, and various Attorney General opinions.

Unallowable Homestead Exemptions

To determine whether or not unallowable homestead exemptions existed in a parish, we selected four parishes for which we had electronic data. We examined the data for property owners that appeared to have more than one property receiving a homestead exemption. We sent a list of these property owners to each of the four tax assessors and asked them to determine the following:

1. Did the same individual own all of the properties that were listed under that name?
2. If the properties belonged to the same individual, was the second (or subsequent) homestead exemption(s) allowable?

Additional Parish Work: Additional information came to our attention in Winn and St. John the Baptist parishes pertaining to unallowable homestead exemptions. Auditors went to these parishes to interview the appropriate parties and collect and analyze the appropriate documents.

Appendix B

Glossary

Appendix B: Glossary

Assessed Value. The value placed on a property by a government tax assessor in order to calculate a tax base. According to the state's constitution, assessed value is calculated as a percentage of fair market value (e.g., the assessed value for land and residential improvements should be 10% of fair market value).

Conveyance Records. Documents that transfer interest and title of real property from one person or entity to another.

Cost Valuation. Also referred to as the cost approach. One of three methods provided for in state law that assessors may use in determining the fair market value of property subject to taxation. It is a method in which the value of a property is derived by estimating the replacement or reproduction cost of the improvements; deducting therefrom the estimated depreciation; and then adding the market value of the land, if any.

Fair market value. The price for property which would be agreed upon between a willing and informed buyer and a willing and informed seller under usual and ordinary circumstances. According to state law, it shall be the highest price estimated in terms of money which property will bring if exposed for sale on the open market.

Homestead (bona fide). Consists of a tract of land or two or more tracts of land with a residence on one tract and a field, pasture or garden on the other tract(s), not exceeding 160 acres, owned and occupied by any person.

Homestead exemption. According to the state's constitution, it is the release from state, parish, and special ad valorem taxes to the extent of \$7,500 of the assessed value of a bona fide homestead.

Improvement. A change or addition that improves or adds value to a property. Generally, the word refers to a structure.

LAT 1 form. The Residential or Homeowner's Report Form. Form used by property owners to report to the assessor property that consists of land with improvements, whether urban or rural, and used for residential purposes. This form is also used to report improvements other than residences such as barns, sheds, storage bins, et cetera. Furthermore, owners of improvements that are located on land owned by someone else use this form to report to the assessor.

Market valuation. Also referred to as the market approach. One of three methods provided for in state law that assessors may use when determining the fair market value of property subject to taxation. It shall be an appraisal technique in which the market value estimate is predicated upon prices paid in actual market transactions and current listings.

Marshall & Swift. A company that provides data and technologies to the appraisal industry. Its data and technologies are used by assessors when applying the cost approach to determine the fair market value of property.

New properties. Properties that either did not exist at all in 1997, or were only land with no improvements on them. (Structures that were added to the tax roll between 1997 and 2001.)

Real property. Land and anything permanently affixed to it, such as buildings.

Special assessment level. According to the state's constitution, it applies to the assessment of residential property receiving the homestead exemption which is owned and occupied by any person or persons sixty-five years of age or older and whose annual adjusted gross income does not exceed \$50,000 ("over 65 freeze").

Usufructuary. A person who has the legal right to enjoy the fruits or profits of something belonging to another. In this report, this term is used to mean a person who has the legal right to live in a house and on property that is owned by someone else.

Appendix C

Ascension Parish Tax Assessor's Findings and Ascension Response

Appendix C: Ascension Parish Tax Assessor's Findings and Response

Residential Property Updates

Fifty-nine percent of the residential property values we sampled in Ascension Parish were not updated between 1996 and 2000.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

We found that 99 (59%) of the 168 residential property values we sampled were not updated between 1996 and 2000 but should have been. The assessor did not update property values in 2000, except for a few subdivisions. He said that he cannot update both residential and commercial properties in the same reassessment cycle because of insufficient staff and resources. Since the assessor updated residential properties in 1996, he updated only commercial properties in 2000. For the remaining 68 properties we sampled, 27 were updated in accordance with constitutional requirements and 41 did not require updating.

We projected the results of our sample to the total number of residential properties in the parish (23,874). If our projections are accurate, the number of properties that were not updated in 2000 ranges from a low of 12,582 (52.7%) to a high of 15,542 (65.1%).

The Ascension Parish Tax Assessor lacks formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any written guidelines establishing the methodology he uses when updating property values, the frequency of the updates, or the documentation needed to justify changes in property values.

The informal procedure that the Ascension Parish Tax Assessor uses does not ensure all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

The assessor says he conducts ratio studies for the entire parish and then updates properties that are subject to reassessment. During the four years between reassessment cycles, the assessor will flag the property record in the computer system of any property that appears to be incorrectly assessed. The flags are removed annually and the property values are checked for appropriateness. However, this system does not ensure that all properties are updated because the assessor does not update both residential and commercial properties every four years.

Fair Market Value

The Ascension Parish Tax Assessor does not always update residential properties to fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

As stated previously, the assessor did not update residential property values in 2000, except for a few subdivisions. We re-calculated the assessment values for 25 sample properties using the assessor's cost schedules. We compared our calculations to the 2001 tax roll to determine whether they are assessed at fair market value and found the following:

- Sixteen properties appear to be undervalued (64%).
- Two properties appear to be overvalued (8%).
- Five properties appear to be valued at or near fair market value (20%).
- We could not determine whether two properties are valued at or near fair market value because of insufficient property information (8%).

We also re-calculated the assessment values for 15 properties in one subdivision in the parish. We compared our calculations to the 2001 tax roll and found the following:

- Only the land portion of the assessment was updated in 2000.
- Three properties appear to be undervalued (20%).
- One property appears to be overvalued (7%).
- Eleven properties appear to be valued at or near fair market value (73%).

Because the assessor only updated a few subdivisions in 2000, he is not updating all residential properties to fair market value.

The Ascension Parish Tax Assessor does not have formal documentation of the valuation methodology.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

Although the assessor has documented the square footage prices he uses when updating property values for selected subdivisions, he does not have any written documentation establishing the methodology he uses to calculate the prices. The lack of this documentation prevented us from testing the reasonableness of his valuation methodology. Without formal documentation, the assessor cannot ensure that properties are updated consistently or at fair market value.

The Ascension Parish Tax Assessor sometimes uses outdated information to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

The assessor's files often lacked current information to update property values. In fact, some property files have not been updated since the 1970s, and other files were missing information necessary to estimate fair market value. In addition, because of the manner in which data on property characteristics is collected in the files, we could not tell how current some of the information was.

Completeness of Tax Rolls

The Ascension Parish Tax Assessor uses informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said his office uses the following methods to ensure that the tax roll includes all properties in the parish:

- Building permits
- Aerial photography
- Mapping system
- Utility companies
- Conveyance records
- Inspections of parish
- Sheriff's office (Civil Division)
- 911 system

Homestead Exemption Eligibility

The following are the major areas where the Ascension Parish Tax Assessor appears to be misinterpreting the homestead exemption eligibility laws.

- **The assessor grants homestead exemptions to bond for deed buyers.** Article VII, Section 20(A)(1) of the Louisiana Constitution of 1974, as amended, does not specifically include bond for deed buyers in its definition of ownership. Also, Section 21 of the constitution does not exempt bond for deed property from ad valorem taxation. In addition, the Louisiana Supreme Court ruled in *Wooden v. Louisiana Tax Commission* that R.S. 9:2948, which establishes a bond for deed buyer as a property owner solely for the purpose of the homestead exemption, is unconstitutional because it indirectly establishes an exemption from taxation.

- **The assessor allows partial ownership to qualify for a homestead exemption.** However, LAC 61:V.3503(C)(4) states that property owned by two or more unmarried persons is not eligible for a homestead exemption except for minor children of a deceased owner.
- **The assessor grants homestead exemptions to living parents who transfer ownership of property to their children while maintaining occupancy.** Article VII, Section 20(A)(2) of the Louisiana Constitution of 1974, as amended, states that only the surviving spouse or minor child of a deceased owner is eligible for a homestead exemption if the spouse or child occupies the property. Homestead exemption laws require ownership and occupancy.
- **The assessor grants more than one homestead exemption to married and separated couples.** A homestead exemption can only be applied to the primary residence [Article VII, Section 20(A)(1) and AG Opinion 95-268]. LAC 61:V.3503(D)(1) also states that only one homestead exemption can be claimed.
- **The assessor grants homestead exemptions on use value land.** Neither the constitution, the revised statutes, nor the administrative code specifically say that use value land is eligible for exemption from ad valorem taxation. However, according to LAC 61:V.3503(D)(7), the income producing part of a homestead is not eligible. Most use value land (except marshland) is defined by law to be income producing (R.S. 47:2302); therefore, it may not be eligible for a homestead exemption.

Other areas of the homestead exemption law that the Ascension Parish Tax Assessor may be misinterpreting are as follows:

Provision	Authority	Assessor's Response
There is no limit to the number of separate tracts of land in a homestead.	LA Constitution Article VII, Section 20(A)(1)	The assessor limits the number of separate tracts to four 40-acre tracts.
The tracts of land included in a homestead are not required to be adjacent.	LA Constitution Article VII, Section 20(A)(1)	The assessor requires the tracts to be adjacent.
A usufructuary is not eligible for a homestead exemption, except for a surviving spouse or child of a deceased owner.	LA Constitution Article VII, Section 20(A)(2) AG Opinions 82-1126 and 80-605	The assessor allows usufructuaries other than the surviving spouse and child to receive a homestead exemption.

Unallowable Homestead Exemptions

The state constitution (Article VII, Section 20) allows for one property to be exempted from state, parish, and special ad valorem taxes up to \$7,500 of the assessed valuation for an individual. In addition, the LAC provides that a person can claim only one homestead exemption. If two pieces of property are claimed as part of a homestead, one piece must include a residence and the other piece may be used by the owner as a field, pasture, or garden.

The Ascension Parish Tax Assessor granted more than one homestead exemption within the parish for individual property owners in 2001.

The assessor acknowledged that 21 (9%) of 233 property owners had received more than one homestead exemption.

Our methodology only addressed homestead exemptions where the properties are listed under the same name. If a person has more than one homestead exemption listed under different names, for example, maiden name and married name or husband's name and wife's name, we would not have been able to identify it.

The Ascension Parish Tax Assessor granted homestead exemptions greater than \$7,500 to some property owners.

The assessor granted at least four property owners homestead exemptions for more than \$7,500. Article VII, Section 20(A) of the constitution states that a homestead can only be exempt to the extent of \$7,500. These four instances of excessive homestead exemptions amounts ranged from \$7,700 to \$8,500.

The Ascension Parish Tax Assessor granted homestead exemptions on commercial property.

The assessor allowed at least two homestead exemptions to include commercial property. Article VII, Section 20(A)(1) of the constitution defines a homestead as including a tract of land with a residence and a field, pasture, or garden on the other tracts of land. It also states that homestead exemptions will only be granted to homesteads. The constitution, state law, and the administrative code do not provide for commercial property to be included in a homestead exemption.

The Ascension Parish Tax Assessor granted homestead exemptions on land without improvements.

The assessor allowed at least two homestead exemptions for land without improvements. Article VII, Section 20(A) of the constitution states that a homestead must include a residence.

The Ascension Parish Tax Assessor granted homestead exemptions that may not be allowable under state law.

As we reviewed the tax assessor's resolutions of the potential multiple homestead exemptions, other situations came to our attention that illustrate unallowable homestead exemptions mentioned in the previous section (e.g., bond for deed buyers and partial ownerships).

- **The Ascension Parish Tax Assessor granted a homestead exemption to a bond for deed buyer.**

We found at least one instance where the assessor had granted multiple homestead exemptions to a bond for deed seller. For example, one taxpayer had two properties with homestead exemptions listed in his name. One of these properties was his primary residence, and the other was a property to which he held a bond for deed. The state constitution does not include bond for deed buyers in the definition of ownership.

- **The Ascension Parish Tax Assessor granted exemptions for partial ownership of a property.**

We found at least 11 instances where the assessor had granted homestead exemptions for partial ownership of a property. For example, a person resides in a house and owns the house with three other people. The constitution requires ownership of property in order to be eligible for a homestead exemption. The administrative code [LAC Title 61 Part V, Section 3503(C)(4)] states property owned by two or more unmarried persons is not entitled to the homestead exemption except for minor children of a deceased owner.

The Ascension Parish Tax Assessor
chose not to provide a written response.

Appendix D

Bossier Parish Tax Assessor's Findings and Response

Appendix D: Bossier Parish Tax Assessor's Findings and Response

Residential Property Updates

The Bossier Parish Tax Assessor updated all the residential properties we sampled that required updating between 1996 and 2000.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

We reviewed the assessment values for 141 properties in the parish. We found that 120 (85%) of the properties were updated between 1996 and 2000 in accordance with constitutional requirements. Updating was not required for the remaining 21 properties we sampled.

The Bossier Parish Tax Assessor lacks formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any written guidelines establishing the methodology he uses when updating property values, the frequency of the updates, or the documentation needed to justify changes in property values.

The formal procedure that the Bossier Parish Tax Assessor uses ensures all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

Although the assessor does not have formal, written guidelines for updating property values, he does have a mechanism in place to ensure that all properties are updated. The assessor's computer system automatically updates all properties by grade. To do this, the assessor classifies all residential properties into grades. He continually gathers sales information and establishes square footage prices for each grade based on the sales. The assessor said he generally updates values only at reassessment, unless there is an error. The assessor uses informal methods to update values in between assessment periods if there is a material change in the property value.

Fair Market Value

The Bossier Parish Tax Assessor does not always update residential properties to fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

We found that some neighborhoods are undervalued because, according to the assessor, the depreciation rates may have been set too high, the land values may have been set too low, or the properties may have been misclassified.

Because the assessor undervalued property in our sample, he is not updating all properties to fair market value. According to the assessor, his office is addressing this situation.

The Bossier Parish Tax Assessor has formal documentation of the valuation methodology.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor's valuation methodology is formally documented in a manual.

The Bossier Parish Tax Assessor has sufficient information to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

The assessor's files for the 25 properties we sampled contained the necessary information to update the property values. However, we noticed data entry errors for two properties in our sample of 25. The assessor said his staff may have made errors when entering data on property characteristics into the new computer system in the early 1990s. Therefore, the assessor may be using incorrect information to update property values.

Completeness of Tax Rolls

The Bossier Parish Tax Assessor uses informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said his office uses the following methods to ensure that the tax roll includes all properties in the parish:

- Building permits
- Utility companies
- Inspections of the parish
- 911 system
- Legal News

Homestead Exemption Eligibility

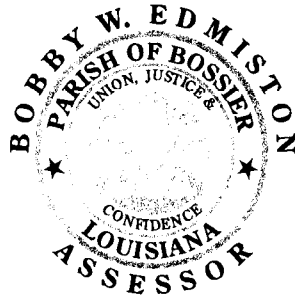
The following are the major areas where the Bossier Parish Tax Assessor appears to be misinterpreting the laws regarding homestead exemption eligibility.

- **The assessor grants homestead exemptions to bond for deed buyers.** Article VII, Section 20(A)(1) of the Louisiana Constitution of 1974, as amended, does not specifically include bond for deed buyers in its definition of ownership. Also, Section 21 does not exempt bond for deed property from ad valorem taxation. In addition, the Louisiana Supreme Court ruled in *Wooden v. Louisiana Tax Commission* that R.S. 9:2948, which establishes a bond for deed buyer as a property owner solely for the purpose of the homestead exemption, is unconstitutional because it indirectly establishes an exemption from taxation.
- **The assessor allows partial ownership to qualify for a homestead exemption.** However, LAC 61:V.3503(C)(4) states that property owned by two or more unmarried persons is not eligible for a homestead exemption except for minor children of a deceased owner.
- **The assessor grants homestead exemptions to living parents who transfer ownership of property to their children while maintaining occupancy.** According to Article VII, Section 20(A)(2) of the Louisiana Constitution of 1974, as amended, only the surviving spouse or minor child of a deceased owner is eligible for a homestead exemption if the spouse or child occupies the property. Homestead exemption laws require ownership and occupancy.

- **The assessor grants homestead exemptions on use value land.** Neither the constitution, the revised statutes, nor the administrative code specifically state that use value land is eligible for exemption from ad valorem taxation. However, according to LAC 61:V.3503(D)(7), the income producing part of a homestead is not eligible. Most use value land (except marshland) is defined by law to be income producing (R.S. 47:2302); therefore, it may not be eligible for a homestead exemption.
- **The assessor does not grant homestead exemptions to principal beneficiaries of trusts.** However, LAC 61:V.3503(C)(1) states that principal beneficiaries of trusts are eligible to receive homestead exemptions.
- **The assessor grants homestead exemptions to revocable living trust beneficiaries.** According to AG Opinion 74-371, beneficiaries of revocable living trusts are not eligible for homestead exemptions.

Other areas of the homestead exemption law that the Bossier Parish Tax Assessor may be misinterpreting are as follows:

Provision	Authority	Assessor's Response
The tracts included in a homestead are not required to be adjacent.	LA Constitution Article VII, Section 20(A)(1)	The assessor requires the tracts to be adjacent.
If a homestead consists of a field, pasture, or garden, the taxpayer is required to personally use the land.	LAC 61:V.3503(D)(8)	The assessor does not require the taxpayer to personally use the land.



March 31, 2003

Mr. Grover C. Austin, First Assistant
Office of Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Austin:

I acknowledge receipt of your limited examination of assessment practices in my parish. I appreciate the opportunity to improve the performance of my office based on your recommendations. At this time I have no further comments on your findings.

Sincerely,



Bobby W. Edmiston
Bossier Parish Assessor

Appendix E

Cameron Parish Tax Assessor's Findings and Response

Appendix E: Cameron Parish Tax Assessor's Findings and Response

Residential Property Updates

Most of the residential property values we sampled in Cameron Parish were updated between 1996 and 2000.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

Eighty-two percent (111 of 135) of the property values we sampled were updated between 1996 and 2000 in accordance with constitutional requirements. We found that only one in our sample was not updated but should have been. The assessor's staff neglected to enter the property's calculations into the computer; therefore, the assessment value in the 2001 tax roll was not updated. Updating was not required for the remaining 23 properties we sampled.

The Cameron Parish Tax Assessor lacks formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any written guidelines establishing the methodology he uses when updating property values, the frequency of the updates, or the documentation needed to justify changes in property values.

The informal procedure that the Cameron Parish Tax Assessor uses does not ensure all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

The assessor relies on taxpayers to submit self-reporting forms (LAT1 forms); however, he has no formal mechanism in place that ensures all taxpayers submit them. Updates are based entirely on the LAT1 forms because the assessor lacks the resources (i.e., staff) to inspect all properties in the parish. The assessor stated that because the parish is large and geographically dispersed, it is almost impossible to inspect each individual property.

Fair Market Value

The Cameron Parish Tax Assessor does not always update residential properties to fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

We used the assessor's methodology to re-calculate assessment values for 25 sample properties to determine whether the properties are assessed at fair market value. We compared our calculations to the values on the 2001 tax roll and found the following:

- Eleven properties appear to be undervalued (44%).
- Four properties appear to be overvalued (16%).
- Six properties appear to be valued at or near fair market value (24%).
- We could not determine whether four properties are valued at or near fair market value because of insufficient information (16%).

We also calculated square foot prices for 13 properties in one subdivision in the parish to determine whether those properties were assessed consistently and equitably. We compared our calculations to the square foot prices the assessor said he applied to the subdivision and found the following:

- One property appears to be undervalued (8%).
- Five properties appear to be overvalued (38%).
- Five properties appear to be valued at or near fair market value (38%).
- We could not determine whether two properties are valued at or near fair market value because of insufficient information (16%).

The Cameron Parish Tax Assessor does not have formal documentation of the valuation methodology.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

Although the assessor has documented the square foot prices for each subdivision that he uses when updating property values, he does not have any written documentation establishing the methodology he uses to calculate these prices.

The Cameron Parish Tax Assessor does not have the necessary information to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

Some of the property files were missing LAT1 forms or data on property characteristics for the properties we sampled. In addition, the assessor has not sent LAT1 forms to taxpayers since the 1996 reassessment cycle. The assessor used the 1996 forms for the 2000 reassessment cycle, and he said he will use the 1996 forms again in 2004. Without current information, the assessor cannot ensure that properties are updated consistently or to fair market value.

Completeness of Tax Rolls

The Cameron Parish Tax Assessor uses informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said his office uses the following methods to ensure that the tax roll includes all properties in the parish:

- Building permits
- Aerial photography (The most recent photos were taken in 1986.)
- Utility companies
- Newspaper
- Review of occupational licenses

Homestead Exemption Eligibility

The following are the major areas where the Cameron Parish Tax Assessor appears to be misinterpreting the laws regarding homestead exemption eligibility.

- **The assessor allows partial ownership to qualify for a homestead exemption.** However, LAC 61:V.3503(C)(4) states that property owned by two or more unmarried persons is not eligible for a homestead exemption except for minor children of a deceased owner.
- **The assessor grants homestead exemptions to living parents who transfer ownership of property to their children while maintaining occupancy.** According to Article VII, Section 20(A)(2) of the Louisiana Constitution of 1974, as amended, only the surviving spouse or minor child of a deceased owner is eligible for a homestead exemption if the

spouse or child occupies the property. Homestead exemption laws require ownership and occupancy.

- **The assessor allows more than one homestead exemption to separated couples who provide proof of separation.** A homestead exemption can only be applied to the primary residence (Article VII, Section 20(A)(1) and AG Opinion 95-268). LAC 61:V.3503(D)(1) also states that only one homestead exemption can be claimed.
- **The assessor grants homestead exemptions on use value land.** Neither the constitution, the revised statutes, nor the administrative code specifically state that use value land is eligible for exemption from ad valorem taxation. However, according to LAC 61:V.3503(D)(7), the income producing part of a homestead is not eligible. Most use value land (except marshland) is defined by law to be income producing (R.S. 47:2302); therefore, it may not be eligible for a homestead exemption.

Other areas of the homestead exemption law that the Cameron Parish Tax Assessor may be misinterpreting are as follows:

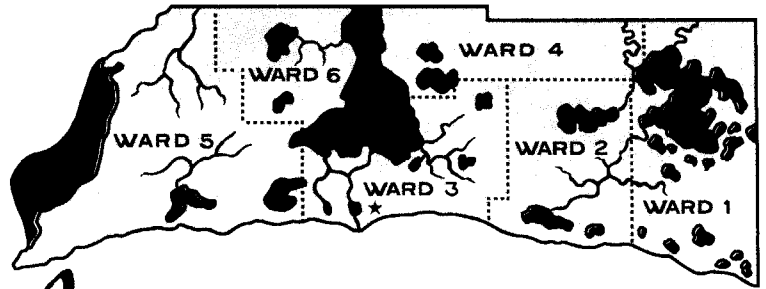
Provision	Authority	Assessor's Response
The tracts included in a homestead are not required to be adjacent.	LA Constitution Article VII, Section 20(A)(1)	The assessor requires the tracts to be adjacent.
A usufructuary is not eligible for a homestead exemption, except for a surviving spouse or child of a deceased owner.	LA Constitution Article VII, Section 20(A)(2) AG Opinions 82-1126 and 80-605	The assessor allows usufructuaries other than the surviving spouse and child to receive a homestead exemption.

(337) 775-5416
(337) 775-5663
FAX (337) 775-7898

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CAMERON

Parish Assessor



P.O. BOX 1100
CAMERON, LOUISIANA 70631-1100

Robert E. Conner, C.L.A.

March 28, 2003

Grover C. Austin
Office of the Legislative Auditor
State of Louisiana
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Austin:

Please replace the previous Exhibit "A" with the following attached Amended Exhibit "A" regarding your findings.

Sincerely,

Robert E. "Bobby" Conner
Assessor ~ Cameron Parish

REC/mk

AMENDED EXHIBIT "A"

Paragraph 1 states that most of the residential property values were updated between 1996 and 2000. We are saying ALL properties are re-valued every four (4) years in Cameron Parish as required by law.

Reference is made to Page 1, wherein it is stated that the assessment value in the 2001 taxroll was not updated. One clerical error in the entire taxroll does not mean that the assessment values for 2001 were not updated.

It is also stated that the Assessor lacks formal policies and procedures for updating residential property values. The Assessor has an entire file cabinet of sales, photographs, measurements, etc..., to establish values used in Cameron Parish. The Auditors who visited Cameron Parish were shown these records.

Reference is made to Page 2 concerning Market Value. Again, using the above mentioned file cabinet of sales, this office establishes Fair Market Value. Several references are made to sample properties used by the Auditors. Everyone knows that an appraisal is an "opinion". In our opinion (everyone in this office has at least 20 years of experience) all properties are valued at or near Fair Market Value.

Reference is made to pages 2 and 3, Availability of Property Descriptions. Each time property is transferred, a new LAT form is mailed to the new owner. Some 1996 LAT forms were used for the 2000 reassessment cycle, but will not be used for 2004.

Completeness of Taxrolls - Please inform us as to what is informal about using any and all available resources such as building permits, etc..., to insure that all properties are on the taxroll? All instruments on file with the Clerk of Court's office are also used-is this informal?

Concerning Homestead Exemption, we have the following comments.

- a). The Assessor allows homestead exemption to "et al" assessments when one of the "et al" lives on the property and is an owner.
- b). Please inform us as to who is allowed homestead exemption in Cameron Parish affecting separated couples. We feel that this does not exist in Cameron Parish.
- c). Concerning Use Value assessment, please see attached.
- d). There are no statutes defining a specific deadline for filing homestead exemption. However, there does exist a sixty (60) day deadline for notifying the Assessor that an exemption is no longer qualified or cancelled as per R.S. 47:1703:1B. At the beginning of the year this office transfers properties that were filed in the Clerk of Court's Office the previous year. It takes this office until May or June to complete the transfer process for the Parish.
- e). The Assessor requires tracts to be adjacent for homestead exemption only in subdivisions.

Appendix F

East Baton Rouge Parish Tax Assessor's Findings and Response

Appendix F: East Baton Rouge Parish Tax Assessor's Findings and Response

Residential Property Updates

Nearly half of the residential property values we sampled in East Baton Rouge Parish were not updated between 1996 and 2000.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

We found that 68 (49%) of the 139 properties we sampled were not updated between 1996 and 2000 but should have been. A member of the assessor's staff told us that they did not update all areas of the parish in 2000. For the remaining 71 properties we sampled, 52 were updated in accordance with constitutional requirements and 19 did not require updating.

We projected the results of our sample to the total number of residential properties in the parish (111,186). If our projection is accurate, the number of properties that were not updated in 2000 ranges from a low of 46,587 (41.9%) to a high of 62,153 (55.9%).

The East Baton Rouge Parish Tax Assessor lacks formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any written guidelines establishing the methodology he uses when updating property values, the frequency of the updates, or the documentation needed to justify changes in property values.

The East Baton Rouge Parish Tax Assessor has no formal procedure to ensure that all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

A deputy assessor said that they cannot update every property because they only have data on property characteristics for 3% - 4% of the properties in the parish.

Fair Market Value

The East Baton Rouge Parish Tax Assessor uses an unauthorized method to update residential properties to fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

The East Baton Rouge Parish Assessor uses an unauthorized valuation method. He routinely updates properties to fair market value only when they are sold. The LTC has determined that if properties are added to the rolls at their selling price, then other properties in the geographic area must be reappraised or at least the subject property should be indexed back to the market values as of the last appraisal [LAC 61:V.303(B)(2)]. When this is not done, it is commonly referred to as sales chasing. In one subdivision that we examined, we found that only four of 18 properties (22%) were updated between 1996 and 2000. These four properties were the only ones out of the 18 that sold during that time period.

We were unable to re-calculate the assessed value of properties we sampled because the assessor did not have any documentation of his valuation methodology and did not have enough property information for us to use Marshall & Swift.

Because the assessor is using an unauthorized valuation method--sales chasing--many properties in the parish are not being updated to fair market value.

The East Baton Rouge Parish Tax Assessor does not have formal documentation of the valuation methodology.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor did not have any documentation showing how he performed the 2000 reassessment. Thus, we were unable to test the reasonableness of the valuation methodology he uses. Without formal documentation, the assessor cannot ensure that properties are updated consistently or to fair market value.

The East Baton Rouge Parish Tax Assessor does not have the necessary information to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

A deputy assessor in the East Baton Rouge Parish Assessor's office estimates that they have information for only 3% - 4% of the properties in the parish. Without the necessary information to assess fair market value, neither we nor the assessor can determine if properties are assessed equitably or to fair market value.

Completeness of Tax Rolls

The East Baton Rouge Parish Tax Assessor uses only a few informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said his office uses the following methods to ensure that the tax roll includes all properties in the parish:

- Building permits
- Conveyance records

Homestead Exemption Eligibility

The following are the major areas where the East Baton Rouge Parish Tax Assessor appears to be misinterpreting the laws regarding homestead exemption eligibility.

- **The assessor grants homestead exemptions to bond for deed buyers.** Article VII, Section 20(A)(1) of the Louisiana Constitution of 1974, as amended, does not specifically include bond for deed buyers in its definition of ownership. Also, Section 21 does not exempt bond for deed property from ad valorem taxation. In addition, the Louisiana Supreme Court ruled in *Wooden v. Louisiana Tax Commission* that R.S. 9:2948, which establishes a bond for deed buyer as a property owner solely for the purpose of the homestead exemption, is unconstitutional because it indirectly establishes an exemption from taxation.
- **The assessor allows partial ownership to qualify for a homestead exemption.** However, LAC 61:V.3503(C)(4) states that property owned by two or more unmarried persons is not eligible for a homestead exemption except for minor children of a deceased owner.
- **The assessor grants homestead exemptions to living parents who transfer ownership of property to their children while maintaining occupancy.** According to Article VII, Section 20(A)(2) of the Louisiana Constitution of 1974, as amended, only the surviving spouse or minor child of a deceased owner is eligible for a homestead exemption if the spouse or child occupies the property. Homestead exemption laws require ownership and occupancy.
- **The assessor allows more than one homestead exemption to separated couples who provide proof of separation.** A homestead exemption can only be applied to the primary residence [Article VII, Section 20(A)(1) and AG Opinion 95-268]. LAC 61:V.3503(D)(1) also states that only one homestead exemption can be claimed.

- **The assessor grants homestead exemptions on use value land.** Neither the constitution, the revised statutes, nor the administrative code specifically state that use value land is eligible for exemption from ad valorem taxation. However, according to LAC 61:V.3503(D)(7), the income producing part of a homestead is not eligible. Most use value land (except marshland) is defined by law to be income producing (R.S. 47:2302); therefore, it may not be eligible for a homestead exemption.
- **The assessor grants homestead exemptions to revocable living trust beneficiaries.** However, according to AG Opinion 74-371, beneficiaries of revocable living trusts are not eligible for homestead exemptions.

Other areas of the homestead exemption law that the East Baton Rouge Parish Tax Assessor may be misinterpreting are as follows:

Provision	Authority	Assessor's Response
If a homestead consists of a field, pasture, or garden, the taxpayer is required to personally use the land.	LAC 61:V.3503(D)(8)	The assessor does not require the taxpayer to personally use the land.
A usufructuary is not eligible for a homestead exemption, except for a surviving spouse or child of a deceased owner.	LA Constitution Article VII, Section 20(A)(2) AG Opinions 82-1126 and 80-605	The assessor allows usufructuaries other than the surviving spouse and child to receive a homestead exemption.

Unallowable Homestead Exemptions

The state constitution (Article VII, Part 2, Section 20) allows for one property to be exempted from state, parish, and special ad valorem taxes up to \$7,500 of the assessed valuation for an individual. In addition, the LAC provides that a person can claim only one homestead exemption. If two pieces of property are claimed as part of a homestead, one piece must include a residence and the other piece may be used by the owner as a field, garden, or pasture.

Some individual property owners have homestead exemptions in both West Feliciana and East Baton Rouge parishes.

We became aware of nine property owners in West Feliciana Parish that had homestead exemptions on the 2001 tax roll but also had mailing addresses in East Baton Rouge Parish. Both parishes were among our sample of 12 parishes. We contacted the East Baton Rouge Parish Tax Assessor and his staff told us that at least four of the nine property owners had a homestead exemption on the 2001 tax roll in that parish, too.



Brian Wilson
ASSESSOR

April 2, 2002

VIA FACSIMILE TRANSMISSION
AND U.S. MAIL
(225) 339-3986

Mr. Grover C. Austin
First Assistant Legislative Auditor
OFFICE OF LEGISLATIVE AUDITOR
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Appendix F: East Baton Rouge Parish Assessor Response

Dear Mr. Austin:

Please allow the following to serve as my formal response to your office's limited examination of assessment practices in the Parish of East Baton Rouge.

Since the taking of office (November of 2002), I have devoted much of my efforts to an examination of the re-assessment procedures previously applied. To date, policies and procedures relating to re-assessments are being formalized and will be implemented for the 2004 re-assessment.

While I respect and welcome the performance audit conducted by your office, some representations contained within the findings are incorrect. For example, the assertion that my office only has three (3) to four (4) percent of the property descriptions in East Baton Rouge Parish is erroneous. A cursory inspection of any tax roll would have yielded the fact that on each and every assessment, the property description is abundantly clear and indentifiable. In addition, included in most property descriptions is the date of the property transfer along with the the original and bundle depicting recording with the Clerk of Court's Office.

As to the issue of sufficient information to estimate "fair market value", this office does possess the requisite data on approximately seventy thousand (70,000) indentifiable properties. In addition, additional personnel are being trained to assist the already existing regular inspection crews designated to gather said information/data.

I am confident in representing that all properties located within this jurisdiction have been assessed and am unaware of any property that has not. It is important to note that the tax roll process is a continual building process. It is an established practice of this office that each and every day the personnel in this office take measured and calculated steps to update the property descriptions. Every map that is approved by the East Baton Rouge planning commission is analyzed and procedures are taken to re-describe the property (such as the case is when raw acreage is re-described as a subdivision is broken down into additional tracts from the original tract). Our office is indeed fortunate that before a structure can be built or renovated the owner must first obtain a Building Permit before commencing construction. To the best of my knowledge, before a utility company will turn on the utilities, the owner must have an Occupancy Permit. We work very close with the Building Permit Divisions in East Baton Rouge Parish.

We also receive a copy of any Demolition Permit that is issued and once said improvements is demolished we remove it from the tax rolls. In addition, certain designated personnel in the East Baton Rouge Assessor's Office analyze and make copies of all transfers of property that have been recorded in the Clerk of Court's Office. It is an established fact that the Assessor is recognized as being an interested third party of any property transfer.

With regard to Homestead Exemption eligibility, it has been the policy of this office that "bond for deed" property does qualify for the above exemption. As authority, I refer your attention to Act 640 of the 1995 Regular Session with amended Civil Code Article 477 and now reads:

- B. A buyer and occupant of a residence under a bond for deed contract is the owner of the thing for purposes of the homestead exemption granted to other property owners pursuant to article VII, Section 20(A) of the Constitution of Louisiana. The buyer under a bond for deed contract shall apply for the homestead exemption each year.

I would concede that there exist much confusion relating to this issue, specifically in light of Attorney General Opinion Number 95-393 (see attachment 1) which appears to be in clear contradiction to Act 640. However, this office has elected to abide by the current legislation. I would welcome and certainly urge our Legislature to clarify this issue by enacting legislation to rectify this question.

Admittedly, The East Baton Rouge Assessor's Office does allow homestead exemptions to unmarried persons. Article VII, Section 20, does not mandate as a requirement that marriage is necessary before a homestead exemption can be granted.

Because there does not exist a central data bank in which homestead exemption applicants could be checked for a previously obtained exemption in another parish and/or jurisdiction, one must rely upon the applicants own veracity in

determining whether to grant the exemption. Quite obviously, duplicate homestead exemptions exist and until such time a central data bank is utilized for each respective assessor to check for an existing exemption, then one would expect this to continue.

Currently, this office utilizes the attached application (see Attachment 2) which specifically request the applicant to list any existing homestead exemption.

In summary, I would urge the Louisiana Tax Commission to take a greater leadership role in promulgating uniform rules for the respective assessors to implement. In addition, legislation clarification concerning many of the referenced exemption issues would greatly assist all assessors in the administration of our assigned responsibilities.

With warmest regards, I am

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Wilson", with a stylized flourish at the end.

Brian Wilson, Assessor
East Baton Rouge Parish

BW/jb

cc: Larry Owens, Chief Deputy



RICHARD P. IEYOUB
ATTORNEY GENERAL

State of Louisiana

DEPARTMENT OF JUSTICE

Baton Rouge

70804-9005

OCTOBER 23 1995

OPINION NUMBER 95-393

P.O. Box 94005
TEL: (504) 342-7013
FAX: (504) 342-7335

OPINION NUMBER 95-393

Honorable Errol G. Williams, President
Orleans Parish Board of Assessors
4E01 City Hall - Civic Center
1300 Perdido Street
New Orleans, Louisiana 70112

LA Const. Article VII, Section 20
La. C.C. 477
Act 640 of 1995
4: ASSESSORS
15-A: CONSTITUTIONAL
125: TAXATION - Homestead Exemptions

Constitutional amendment is required in order for bond for deed purchasers to receive the benefits of the homestead exemption.

Dear Mr. Williams:

You have requested the opinion of this office regarding Act 640 of 1995 (copy enclosed), which purports to provide a homestead exemption for buyer/occupants of residences under bond for deed contracts. Act 640 amends and reenacts La. C.C. Art. 477, which defines ownership, by adding the following language:

"A buyer and occupant of a residence under a bond for deed contract is the owner of the thing for purposes of the homestead exemption granted to other property owners pursuant to Article VII, Section 20(A) of the Constitution of Louisiana. The buyer under a bond for deed contract shall apply for the homestead exemption each year."

Specifically, you ask that we address the following:

"Is a constitutional amendment required for Act 640 to grant a homestead exemption to Bond for Deed Buyers? Does this act also redefine R.S. 9:2941 by way of Civil Code redefinition of Article 477, where title (ownership) is [not] delivered until a stipulated price is paid? If this act is new law, are the assessors required to change its ownership records by deleting the current owners name (seller) and listing Bond for Deed buyers as new titled owners? Does this law change also mean sellers are to be recorded as an additional mortgage holder to this property? In the case of an eviction of Bond for Deed Buyers, who is to serve notice to assessors since there are no foreclosure proceedings?"

As you know, in February 1995 the Supreme Court of Louisiana rendered its opinion in the proceedings styled *Michael Wooden v. Louisiana Tax Commission*, 94-2481 (La. 2/20/95), 650 So.2d 1157. Therein, the assessor of Morehouse Parish challenged the constitutionality of R.S. 9:2948, which provided that a buyer under a bond for deed contract would be deemed an owner of property for purposes of entitlement to the homestead exemption. The assessor contended that property purchased pursuant to a bond for deed contract, although occupied by the buyer, is not

owned by the buyer (as is required by La. Const. Art. VII, Sec. 20) until the entire purchase price is paid and title is transferred to the buyer. This office, on behalf of the state, argued that by enacting La. R.S. 9:2948 the Legislature did not attempt to create a new exemption from ad valorem taxes, but simply redefined ownership for purposes of bond for deed contracts or recognized a new level of ownership.

The Supreme Court ruled that R.S. 9:2943 was unconstitutional, and pertinently stated:

"The Legislature perhaps could have redefined ownership in the Civil Code to include the status of a bond for deed buyer.[FN6] See La.Civ.Code art. 477. However the Legislature did not do so. Rather, the Legislature enacted a special statute defining ownership solely for the purpose of the homestead exemption, and thereby indirectly established an exemption from ad valorem taxation for bond for deed buyers. This indirect exemption violates La. Const. art. VII, Secs. 20 and 21, which provide that property subject to the homestead exemption for property listed in section 20 and property listed in Section 21, and no other, shall be exempt from ad valorem taxation. Immovable property subject to a bond for deed contract is not listed in Section 21, and that same section clearly denies the Legislature the power to enact any other exceptions from ad valorem taxation, directly or indirectly."

At footnote 6, the Court stated:

"Of course, the appropriate method of adding to the list of properties exempt from ad valorem taxation is to propose an amendment to La. Const art. VII, Sec. 21, or an amendment such as proposed in La. Acts 1993, No. 1046."

It is the opinion of this office that although Act 646 amends and ~~repeals~~ the Civil Code provision that defines ownership (La. C.C. 477), the Legislature has not "...redefined ownership in the Civil Code to include the status of of a bond for deed buyer." (*Wooden*, supra., emphasis added). Rather, in contravention of the *Wooden* decision, the Legislature enacted a special provision of law "...defining ownership solely for the purpose of the homestead exemption...". (*Wooden*, supra.).

It is also our opinion that the Supreme Court has made it clear that a constitutional amendment is required in order for bond for deed buyers to receive the benefits of the homestead exemption. Of course, as was alluded to in the *Wooden* case, the legislature might be able to achieve the same result by conferring ownership status (for all purposes, not merely for homestead exemption purposes) upon bond for deed buyers.

Opinion No. 95-393
Hon. Errol G. Wms, Pres.
Orleans Parish Bd of Assessors
Page -3-

Although Act 640 is now law, this office cannot advise assessors to change their ownership records by listing bond for deed buyers as new titled owners. Typically, until a statute has been declared unconstitutional, officers such as assessors are compelled to perform the purely ministerial duties (such as recognizing exemptions) required by their offices. *Louisiana Motor Vehicle Commission v. The Wheeling Frenchman*, 103 So.2d 464 (1958). See also: *Wooden*, supra. However, it is our opinion that although Act 640 has not itself been declared unconstitutional, the act falls squarely under the Supreme Court's holding in the *Wooden* case.

Furthermore, if assessors will not be changing their ownership records, there is no reason to list bond for deed sellers as mortgagees. It also follows that unless the ownership records are changed an assessor's records would not be affected by the eviction of a bond for deed buyer.

We trust the foregoing to be of assistance.

Yours very truly,

RICHARD P. IEYOUB
ATTORNEY GENERAL

By: 

JEANNE-MARIE ZERLINGUE BARRHAM
Assistant Attorney General

RPI:JMZB:jv

APPLICATION FOR HOMESTEAD EXEMPTION
EAST BATON ROUGE PARISH

BRIAN WILSON, ASSESSOR
222 ST. LOUIS ST. ROOM #126
BATON ROUGE, LA 70802
225-389-3920

20 _____

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE WARD # _____ ASSESSMENT # _____

NAME: I _____

ADDRESS: _____

CITY: _____ STATE _____ ZIP _____

PHONE # _____ hereby apply for homestead exemption on the property described below and I further certify that the answers to the questions below are true and correct to the best of my knowledge, information and belief.

Description of Property: Property Number: _____

Lot _____ Sq. _____ Subdivision _____

Other Property Description: _____

Year	Land	Improvements	Total Value of Homestead
20.....	_____	_____	_____
20.....	_____	_____	_____

If there is any change in assessed value, give reason therefor _____

Give exact name to whom the property described above was assessed for the Previous Year. _____

Are you presently claiming a homestead exemption on any other property in the state of Louisiana? Yes _____ No _____

If so, give the name of the parish in which homestead is being claimed: _____

I AM ALSO APPLYING FOR THE SPECIAL ASSESSMENT LEVEL IN ACCORDANCE WITH ART. 7:18(G) (1) OF THE LOUISIANA CONSTITUTION. I AM 65 YEARS OF AGE OR OLDER AND HAVE A GROSS INCOME OF NO MORE THAN \$54,144.00 A YEAR.

I HEREBY CERTIFY THAT IF I AM CLAIMING HOMESTEAD EXEMPTION IN ANY OTHER PARISH OF THIS STATE THAT I WILL NOTIFY THE ASSESSOR OF THAT PARISH WITHIN 60 DAYS AND I FURTHER CERTIFY THAT I AM THE BONA FIDE OWNER OF THE ABOVE DESCRIBED PROPERTY AND RESIDE THEREON.

SIGNATURE OF APPLICANT

SIGNATURE OF OWNER AND RESIDENT

AGE: _____ D/O/B _____

*****: REVISED STATUES TITLE 47:1703 (c) MAKES IT A MISDEMEANOR "FOR ANY PERSON.....TO KNOWINGLY MAKE ANY FALSE STATEMENT..... IN ANY AFFIDAVIT OR DOCUMENT FOR THE PURPOSE OF PROCURING..... ANY TAX EXEMPTION OR BENEFIT UNDER THE PROVISIONS OF ARTICLE VII, SECTION 20 OF THE CONSTITUTION OF LOUISIANA....."

Sworn to and subscribed before me at Baton Rouge, Louisiana this _____ day of _____ 20 _____.

TAX ROLL PAGE # _____ ☐

ASSESSOR OR DEPUTY ASSESSOR

Acquisition Date ____ / ____ / ____

Appendix G

Evangeline Parish Tax Assessor's Findings and Response

Appendix G: Evangeline Parish Tax Assessor's Findings and Response

Residential Property Updates

Thirty-seven percent of the residential property values we sampled in Evangeline Parish were not updated between 1996 and 2000.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

We found that 50 (37%) of our 137 sampled properties were not updated between 1996 and 2000 but should have been. We asked the assessor to explain why these values were not updated. A deputy assessor said that four did not change because the former assessor had given the taxpayers a break on their assessments. The assessor said he did not update the values of the other properties because either they were inherently lower-valued properties such as camps or they were not easily accessible. For the remaining 87 properties we sampled, 74 were updated in accordance with constitutional requirements and 13 did not need updating.

We projected the results of our sample to the total number of residential properties in the parish (9,185). If our projection is accurate, the number of properties that were not updated in 2000 ranges from a low of 2,737 (29.8%) to a high of 3,968 (43.2%).

The Evangeline Parish Tax Assessor lacks formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any written guidelines establishing the methodology he uses when updating property values, the frequency of the updates, or the documentation needed to justify changes in property values.

The informal procedure that the Evangeline Parish Tax Assessor uses does not ensure all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

The assessor updates property values as sales occur by examining subdivisions and gathering data on comparable properties. He said he examines those subdivisions that need to be looked at. However, the assessor does not have a strategic method designed to ensure that all properties in the parish are updated. Also, the assessor said he cannot update every property because of insufficient staff.

Fair Market Value

The Evangeline Parish Tax Assessor does not always update residential properties to fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

The assessor generally uses a combination of the cost and market approaches for updating residential properties; however, his method does not result in fair market value. For example, we compared the values on the 2001 tax roll for 25 sample properties to values we calculated using Marshall & Swift and found the following:

- Five properties appear to be undervalued (20%).
- Two properties appear to be overvalued (8%).
- Two properties appear to be valued at or near fair market value (8%).
- We could not calculate values using Marshall & Swift for 16 properties because there was no property information (64%).

We also used Marshall & Swift to re-calculate assessment values for ten properties in one subdivision in the parish. We compared our calculations to the values on the 2001 tax roll and found the following:

- Nine properties appear to be undervalued (90%).
- One property appears to be valued at or near fair market value (10%).

The Evangeline Parish Tax Assessor does not have formal documentation of the valuation methodology.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor did not have any documentation of how he performed the 2000 reassessment. Without formal documentation, the assessor cannot ensure that properties are updated consistently or to fair market value.

The Evangeline Parish Tax Assessor does not have the necessary information to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

The assessor does not consistently collect updated information on properties in his parish. He could not locate data on property characteristics, or LAT1 forms, for 16 of the 25 (64%) properties we sampled. Many of the LAT1 forms the assessor did have were from 1977.

Completeness of Tax Rolls

The Evangeline Parish Tax Assessor uses informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said his office uses the following methods to ensure that the tax roll includes all properties in the parish:

- Building permits
- Conveyance records
- Inspections of the parish
- 911 system
- Contractors

Homestead Exemption Eligibility

The following are the major areas where the Evangeline Parish Tax Assessor appears to be misinterpreting the laws regarding homestead exemption eligibility.

- **The assessor allows partial ownership to qualify for a homestead exemption.** However, LAC 61:V.3503(C)(4) states that property owned by two or more unmarried persons is not eligible for a homestead exemption except for minor children of a deceased owner.
- **The assessor grants homestead exemptions to living parents who transfer ownership of property to their children while maintaining occupancy.** According to Article VII, Section 20(A)(2) of the Louisiana Constitution of 1974, as amended, only the surviving spouse or minor child of a deceased owner is eligible for a homestead exemption if the spouse or child occupies the property. Homestead exemption laws require ownership and occupancy.
- **The assessor allows more than one homestead exemption to separated couples who provide proof of separation.** A homestead exemption can only be applied to the primary residence [Article VII, Section 20(A)(1) of the state constitution and AG Opinion 95-268]. LAC 61:V.3503(D)(1) also states that only one homestead exemption can be claimed.

- **The assessor grants homestead exemptions on use value land.** Neither the constitution, the revised statutes, nor the administrative code specifically state that use value land is eligible for exemption from ad valorem taxation. However, according to LAC 61:V.3503(D)(7), the income producing part of a homestead is not eligible. Most use value land (except marshland) is defined by law to be income producing (R.S. 47:2302); therefore, it may not be eligible for a homestead exemption.
- **The assessor grants homestead exemptions to income beneficiaries of trusts and to revocable living trust beneficiaries.** However, LAC 61:V.3503(C)(1) states that income beneficiaries of trusts are not eligible to receive homestead exemptions. Beneficiaries of revocable living trusts are also not eligible to receive homestead exemptions, according to AG Opinion 74-371.

Other areas of the homestead exemption law that the Evangeline Parish Tax Assessor may be misinterpreting are as follows:

Provision	Authority	Assessor's Response
If a homestead consists of a field, pasture, or garden, the taxpayer is required to personally use the land.	LAC 61:V.3503(D)(8)	The assessor does not require the taxpayer to personally use the land.
A usufructuary is not eligible for a homestead exemption, except for a surviving spouse or child of a deceased owner.	LA Constitution Article VII, Section 20(A)(2) AG Opinions 82-1126 and 80-605	The assessor allows usufructuaries other than the surviving spouse and child to receive a homestead exemption.



Dirk Deville
Evangeline Parish Assessor

200 Court St. - Suite 103 • Ville Platte, LA 70586
Phone (337) 363-4310

April 4, 2003

Mr. Grover Austin, CPA
First Assistant Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Austin:

With regard to

“Appendix G: Evangeline Parish Tax Assessor
Findings and Response”

The following notes should be made:

- 1) Regarding “Fair Market Value”, we would argue that your efforts using only Marshall and Swift would not reflect actual market values in Evangeline Parish. Marshall and Swift is a uniform standard nationwide and does not consider the depressed economic conditions regarding Evangeline Parish;
- 2) Regarding “Homestead Exemption Eligibility (partial ownership)”, we do not agree with an interpretation that would prohibit any person(s) owning and occupying a primary residence from claiming homestead exemption status. The constitution states that any primary residence that serves as “a bona fide home and which is owned and occupied by any person” shall be eligible for exemption. Your office sites a variation of language referring to the extension of homestead exemption. Please find the entire text from the Louisiana State Constitution, as it relates to homestead exemption, below;

- 3) Regarding "Homestead Exemption Eligibility (separated couples)", we do not grant homestead exemption based on separations. We will only grant homestead once a community property partition is complete;
- 4) Finally, regarding "Homestead Exemption Eligibility (trusts)", according to my Deputy Assessors, they received notice from the Louisiana Tax Commission that some trusts are eligible for exemption. They do not recall the notice being specific and they would argue that there would need to be a clear delineation between the trusts that are eligible for homestead exemption and the trusts that aren't.

Furthermore, when this process began, I was told by your auditors that any information they gathered regarding the reassessment conducted in the year 2000 would bear no reflection on my administration because I was not the Assessor at that time. However, the "Findings..." continuously attributes those questionable problem areas associated with the reassessment of the year 2000 to the Evangeline Parish Assessor.

You and I may or may not agree with practices of the past that became generally accepted among assessors, but I would argue that a clear and precise accounting should be attributed accurately.

I would be happy to meet with you personally regarding this matter.

Sincerely,



Dirk Deville
Evangeline Parish Assessor

§20. Homestead Exemption

Section 20.(A) Homeowners.

(1) The bona fide homestead, consisting of a tract of land or two or more tracts of land with a residence on one tract and a field, pasture, or garden on the other tract or tracts, not exceeding one hundred sixty acres, buildings and appurtenances, whether rural or urban, owned and occupied by any person, shall be exempt from

state, parish, and special ad valorem taxes to the extent of seven thousand five hundred dollars of the assessed valuation. The same homestead exemption shall also fully apply to the primary residence, including a mobile home, which serves as a bona fide home and which is owned and occupied by any person, regardless of whether the homeowner owns the land upon which the home or mobile home is sited; however, this homestead exemption shall not apply to the land upon which such primary residence is sited if the homeowner does not own the land.

(2) The homestead exemption shall extend to the surviving spouse or minor children of a deceased owner and shall apply when the homestead is occupied as such and title to it is in either husband or wife but not to more than one homestead owned by the husband or wife.

(3) This exemption shall not extend to municipal taxes. However, the exemptions shall apply (a) in Orleans Parish, to state, general city, school, levee, and levee district taxes and (b) to any municipal taxes levied for school purposes.

(B) Residential Lessees. Notwithstanding any contrary provision in this constitution, the legislature may provide for tax relief to residential lessees in the form of credits or rebates in order to provide equitable tax relief similar to that granted to homeowners through homestead exemptions.

Amended by Acts 1980, No. 844, §1, approved Nov. 4, 1980; Acts 1993, No. 1046, §1, approved Oct. 16, 1993, eff. Nov. 18, 1993.

Appendix H

Lafayette Parish Tax Assessor's Findings and Response

Appendix H: Lafayette Parish Tax Assessor's Findings and Response

Residential Property Updates

The Lafayette Parish Tax Assessor updated all the residential properties we sampled that required updating between 1996 and 2001.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

We reviewed the assessment values for 139 properties in the parish from the 2001 tax roll. We found that 116 (84%) of the properties were updated between 1996 and 2001 in accordance with constitutional requirements. Updating was not required for the remaining 23 properties we sampled. According to the current assessor, the prior assessor had not reassessed property values for 2000. Upon taking office in 2001, he and his staff reassessed residential properties. These updates appeared on the 2001 tax rolls.

The Lafayette Parish Tax Assessor is currently developing formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The prior assessor did not have any written guidelines establishing the methodology he used when updating property values, the frequency of the updates, or the documentation needed to justify changes in property values. The current assessor is developing formal policies and procedures.

The formal procedure that the Lafayette Parish Tax Assessor uses ensures all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

The assessor has a mechanism in place to ensure that all properties are updated. The assessor's computer system has the capability to update values for an entire subdivision, township or range. The system also flags each property that has been updated and allows the assessor to pull a list of those properties that have not been flagged. In addition, the assessor said he plans to implement a computer-assisted mass appraisal system by the fall of 2003.

Fair Market Value

The Lafayette Parish Tax Assessor updates most residential properties to fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

The assessor uses the market approach when valuing residential properties to fair market value. He calculates the average percentage change in an area and applies that change to all properties in that area. We calculated the square foot prices for ten sample properties using the 2001 assessment values and the homes' square footages. We then compared the prices we calculated and found the following:

- Eight properties appear to be assessed at or near fair market value (80%).
- Two properties appear to be overvalued (20%). However, the assessor explained that these two properties sold in 1994 at prices higher than what was on the tax roll and were subsequently assessed at higher values in 1996. The disparity in assessment values continues to increase because the assessor updates properties by the same percentage at each reassessment. He plans to implement a CAMA (computer-assisted mass appraisal system) that will use current information to value properties.

The Lafayette Parish Tax Assessor is currently developing formal documentation of the valuation methodology.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor calculates average percentage changes in the area and applies that change to all properties in the area. The calculations are performed manually and the factors that determine these percentage changes are not documented. However, once the percentage is calculated, it is input into the computer system, which applies the change to all affected properties at once. Without formal documentation, however, the assessor cannot ensure that properties are updated consistently. The current assessor told us that he is developing the necessary documentation for the software system he is implementing.

Outdated information was sometimes used to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

A prior assessor used LAT1 forms to collect information from property owners in 1977. Updated information is currently obtained from building permits. The current assessor said that he uses LAT1 forms for additions and new construction only. The current assessor's staff conducts physical inspections only for new construction/additions or if there is a problem with a current assessment.

Completeness of Tax Rolls

The Lafayette Parish Tax Assessor uses informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said his office uses the following methods to ensure that the tax roll includes all properties in the parish:

- Building permits
- Aerial photography
- Mapping system

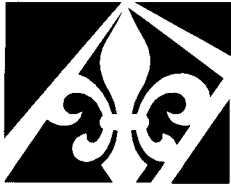
Unallowable Homestead Exemptions

The state constitution (Article VII, Part 2, Section 20) allows for one property to be exempted from state, parish, and special ad valorem taxes up to \$7,500 of the assessed valuation for an individual. In addition, the LAC provides that a person can claim only one homestead exemption. If two pieces of property are claimed as part of a homestead, one piece must include a residence and the other piece may be used by the owner as a field, garden, or pasture.

More than one homestead exemption was allowed within the parish for some individual property owners in 2001.

The current assessor acknowledged that 147 (20%) of 743 individual property owners we identified from the 2001 tax roll as potentially receiving more than one homestead exemption had received more than one homestead exemption. The current assessor removed 130 of these homestead exemptions after he took office in 2001. This assessor interprets homestead exemption laws more strictly than his predecessor and began removing those exemptions with the 2002 tax roll. He has also removed the remaining 17 cases that we called to his attention from the 2003 tax roll. Furthermore, there were 333 cases in this parish where the assessor could not determine if the homestead exemption was allowable. He is continuing to follow up on those cases and will remove the exemption, if necessary.

Our methodology only addressed homestead exemptions where the properties are listed under the same name. If a person has more than one homestead exemption listed under different names, for example, maiden name and married name or husband's name and wife's name, we would not have been able to identify it.



CONRAD T. COMEAUX

Assessor, Lafayette Parish

Répartiteur, Paroisse de Lafayette

P.O. BOX 3225 | LAFAYETTE, LA 70502-3225 | TELEPHONE: 337-291-7080 | FAX: 337-291-7086

April 1, 2003

Grover Austin, CPA
First Assistant Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Findings of the Assessment Practices in Lafayette Parish

Dear Mr. Austin:

I wish to thank you and the audit staff of the Legislative Auditor's office for examining the assessment practices used in Lafayette Parish as well as the other 11 parishes. The process employed in this study provided me with new and valuable insights into the operations of assessment offices.

The practices in question in Lafayette Parish were developed prior to my taking office in January 2001. Since becoming assessor, I have been addressing the methods of "doing business" in the Lafayette Parish Assessor's office. I have strived to find "best practice" methodologies in the assessment field that I could utilize in my office. Because the study focused on practices used through the 2001 tax roll, changes I instituted in 2002 and those being implemented in 2003 were not reflected in some of the results. The audit staff did an excellent job of presenting our situation in a fair manner.

The greatest detriment to my staff being able to provide better assessments has been the inadequate software in use here since the mid 1980's. The system lacks the capability to perform any analysis on the assessments because most of the data cannot be input into the database. Much of the work in the Lafayette Parish Assessor's office must be done on paper and not on computer, thus increasing the chance of error. To correct this situation, I will be acquiring a new assessment administration and Computer Assisted Mass Appraisal (CAMA) system later this year. With this new software, we will have the ability to better address many of the issues discussed in this audit.

The following is a response to the Findings of the Residential Tax Assessment Practices.

Section Heading: Residential Property Updates

Finding: "The Lafayette Parish Tax Assessor is currently developing formal policies and procedures for updating residential property values."

Response: The lack of written policies and procedures in the Lafayette Parish Assessor's office was of concern to me upon taking office in 2001. I needed to know that all employees, current and future, would be performing assessment tasks in the same manner. Because I will be acquiring new assessment administration software in 2003, I did not expend taxpayer's money to develop written policies based on procedures that would no longer be utilized. I did, however, begin the process of writing policies that will be employed with the new system.

www.lafayetteassessor.com

LOCATION: 1010 LAFAYETTE STREET, SUITE 402, LAFAYETTE, LA 70501

Section Heading: Availability of Property Description Data

Finding: "Outdated information was sometimes used to estimate fair market value."

Response: Prior to my becoming assessor, fair market values used in reassessments were developed primarily using basic physical characteristics acquired in 1977. Because I was ordered to reassess all residential property shortly after taking office, no time was available to obtain current information on the properties. In 2002 I instituted an aggressive campaign to acquire updated physical characteristics that will be used in developing fair market values for the next reassessment.

Finding: "The Lafayette Parish Tax Assessor is currently developing formal documentation of the valuation methodology."

Response: The lack of written policies and procedures in the Lafayette Parish Assessor's office was of concern to me upon taking office in 2001. I needed to know that all employees, current and future, would be valuing property in the same manner. With the acquisition of the Computer Assisted Mass Appraisal (CAMA) software, many of the valuation calculations now performed by hand will be derived through computer modeling. The valuation methodologies utilized in the new system are based on standards developed by the International Association of Assessing Officers (IAAO) and are well documented. I did not expend taxpayer's money to develop written policies based on procedures that would no longer be utilized. I did, however, begin the process of writing policies that will be employed with the new system.

Section Heading: Homestead Exemption Eligibility

Finding: "The assessor allows occupation to occur by the first week of September."

Response: With the inadequate software currently in place, the Lafayette Parish Assessor's office is not able to effectively handle homestead exemptions when a transfer of the property occurs after January 1. My office does not have the financial or human resources to process the quantity of work the current system would generate to achieve compliance with the standards. I am aware of the situation and will be able to correctly administer homestead exemptions with the new assessment software.

Section Heading: Unallowable Homestead Exemptions

Finding: "More than one homestead exemption was allowed within the parish for some individual property owners in 2001."

Response: Prior to my taking office, homestead exemptions were allowed for situations that did not, according to the Louisiana Tax Commission and the Louisiana Attorney General, meet the guidelines outlined in the State Constitution. During 2001 and 2002 my staff removed approximately 1,700 homestead exemptions of this nature. We are continuing the clean-up effort to ensure that only one exemption is granted per individual property owner. The auditor's findings reflect part of the work we have been doing and will continue to do.

I have also reviewed the Recommendations and Matters for Legislative Consideration and concur with the recommendations with prejudice. A major issue facing many assessors in Louisiana, as well as the Tax Commission, is funding. To meet all of the guidelines outlined in this audit, many of these entities will need additional money for staffing and computerization. Requesting funds from local governing authorities already experiencing financial difficulties is not a viable option. Increasing parish assessment millages is also not easily attainable due to taxpayer sentiments towards the assessment process. User fees could be a source of revenue but would probably be insufficient to cover the additional expenditures. This leaves State or Federal governments as the available funding sources—and just how realistic are these options?

Throughout this compliance examination, my staff and I attempted to provide all of the data requested by the auditors but with the inadequacies of our current software some items were impossible to produce. I know that we all responded openly and candidly to the questions posed by your audit team. I believe your auditors observed that my staff and I are working diligently to refine and improve the assessment practices in Lafayette Parish. With the assistance of the Legislative Auditor's office, the Louisiana Tax Commission and the Department of Economic Development, we will achieve the desired results within the next two years.

If you should have any questions, please feel free to contact me by phone or e-mail.

Sincerely,

A handwritten signature in cursive script, reading "Conrad T. Comeaux". The signature is written in dark ink and is positioned above the printed name.

Conrad T. Comeaux, M.B.A., M.H.A., C.L.A.
Lafayette Parish Assessor

Appendix I

Morehouse Parish Tax Assessor's Findings and Response

Appendix I: Morehouse Parish Tax Assessor's Findings and Response

Residential Property Updates

Nearly 27% of the residential property values we sampled in Morehouse Parish were not updated between 1996 and 2000.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

We reviewed the assessment values for 139 properties in the parish and found that 37 (27%) were not updated between 1996 and 2000 but should have been. These properties are located in rural areas and are assessed at less than \$6,000. The assessor said he generally does not change the values for rural properties assessed at less than \$6,000. Of the remaining 102 properties we sampled, 88 were updated in accordance with constitutional requirements and 14 did not require updating.

We projected the results of our sample to the total number of residential properties in the parish (14,219). If our projection is accurate, the number of properties that were not updated in 2000 ranges from a low of 2,901 (20.4%) to a high of 4,664 (32.8%).

The Morehouse Parish Assessor lacks formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any written guidelines establishing the methodology he uses when updating property values, the frequency of the updates, or the documentation needed to justify changes in property values.

The Morehouse Parish Assessor has no formal procedure to ensure that all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

The assessor said that he cannot update every property in the parish because of insufficient time and staff.

Fair Market Value

The Morehouse Parish Assessor does not always update residential properties to fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

We re-calculated the assessment values for 25 sample properties using the assessor's valuation methodology. We compared our calculations to the 2001 tax roll to determine whether the properties are assessed at fair market value and found the following:

- Two properties appear to be undervalued (8%).
- Twenty-three properties appear to be valued at or near fair market value (92%).

However, the assessor said that he does not reassess rural properties assessed at less than \$6,000. By not reassessing these properties, the assessor is not updating all properties to fair market value.

The Morehouse Parish Assessor does not have formal documentation of the valuation methodology.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor has printouts of sales studies for the 2000 reassessment but does not have any documentation on the valuation process. The sales studies list comparable sales and square footage values but do not provide valuation or usage instructions for the method. Calculations supporting the percentage increases the assessor used were also not documented. Without formal documentation, the assessor cannot ensure that properties are updated consistently or to fair market value.

The Morehouse Parish Assessor sometimes uses outdated information to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

While reviewing the assessor's files for the properties we sampled, we found LAT1 forms dating back to 1977 that were being used to calculate current assessment values. In addition, a few files were missing data on property characteristics altogether.

Completeness of Tax Rolls

The Morehouse Parish Assessor uses informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said his office uses the following methods to ensure that the tax roll includes all properties in the parish:

- Building permits
- Mapping system
- Utility companies
- Conveyance records
- Inspections of the parish

Homestead Exemption Eligibility

The following are the major areas where the Morehouse Parish Assessor appears to be misinterpreting the laws regarding homestead exemption eligibility.

- **The assessor grants homestead exemptions on use value land.** Neither the constitution, the revised statutes, nor the administrative code specifically state that use value land is eligible for exemption from ad valorem taxation. However, according to LAC 61:V.3503(D)(7), the income producing part of a homestead is not eligible. Most use value land (except marshland) is defined by law to be income producing (R.S. 47:2302); therefore, it may not be eligible for a homestead exemption.
- **The assessor does not grant homestead exemptions to principal beneficiaries of trusts.** However, LAC 61:V.3503(C)(1) states that principal beneficiaries of trusts are eligible to receive homestead exemptions.

Another area of the homestead exemption law that the Morehouse Parish Assessor may be misinterpreting is as follows:

Provision	Authority	Assessor's Response
If a homestead consists of a field, pasture, or garden, the taxpayer is required to personally use the land.	LAC 61:V.3503(D)(8)	The assessor does not require the taxpayer to personally use the land.

Michael Wooden, CLA

Assessor



TELEPHONE
318-281-1802
FAX 318-281-8601

ASSESSOR OF MOREHOUSE PARISH
P. O. BOX 1177
BASTROP, LOUISIANA 71221-1177

March 26, 2003

Mr. Grover C. Austin
First Assistant Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Austin:

This letter will serve as my response to your audit of assessment practices in Morehouse Parish.

LLA "Nearly 32% of the residential property values we sampled in Morehouse Parish were not updated between 1996 and 2000."

Response: 32 of the properties alluded to in the above findings were valued at \$40,000 or less and under homestead exemption. Our research showed these rural properties would not have increased enough in value during this 4 year period to place them over the 7500 homestead amount. Due to time and resource constraints it was not feasible to revalue these properties. Properties under the homestead limit do not generate revenue for tax recipient bodies.

LLA "The Morehouse Parish Assessor has no formal procedure to ensure that all residential properties are updated."

Response: Due to time and resource constraints this office must reassess in the most cost efficient manner. This office has been for several years working toward computer assisted mass appraisal. A large database must be built and an effective software package purchased to reach this goal. We are currently working toward this goal on a pay as you go plan; this is the only way you can reassess all the property in Morehouse Parish in the time frame allotted. This office receives \$8.29 per parcel from the tax roll to fund the every day operations of this office. The State of Arkansas in the year 2002 paid an outside appraisal firm from \$28.00 to \$32.00 per parcel just to reassess.

LLA "The Morehouse Parish Assessor sometimes uses outdated information to estimate fair market value."

Response: This office is in a continual state of updating our improvement data. Our field personnel are constantly remeasuring and taking new pictures of property thru out the parish. Self-reporting forms many times are a source of unreliable information either from fraud or mistake. To be current you would have to send out a (LAT 1) every year. The cost of the form, postage, and staff to help the public complete the forms would be cost prohibitive.

LLA "The Morehouse Parish Assessor does not have formal documentation of the valuation methodology."

Response: This office has a thorough understanding of the methodology of valuation. We have the Rules & Regs of the Louisiana Tax Commission as well as the Statues of the State of Louisiana. The Assessor is knowledgeable of the appraisal process as evidenced by a list of education courses completed. This office has 3 deputies' that have completed all the education requirements and are Certified Louisiana Deputy Assessors.

LLA "The Morehouse Parish Assessor uses informal methods to ensure that all properties appear on the tax roll."

Response: In addition to the listed methods in your findings this office also uses Sales Tax List and Occupational Lists as previously relayed to you.

LLA "The Assessor grants homestead exemption on use value land."

Response: The Louisiana Constitution provides for Homestead Exemption on "... a residence on one tract...field, pastures or garden on the other tract or tracts, not exceeding one hundred sixty acres..." LAC 61:V. 3503 (D) (7) is based on opinion issued in 1934 and 1940. As you know Louisiana implemented a new Constitution in 1974.

Please attach this response with your findings in your final report.

Sincerely,

A handwritten signature in black ink that reads "Michael Wooden". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Michael Wooden, Assessor
Morehouse Parish

MW/sw

Enclosure

Student #: XXXXXXXXXX MOREHOUSE
Assessor

MICHAEL D WOODEN
PO BOX 1177

Home Address:
10392 WILLIAMSBURG LANE

BASTROP, LA 71282-0000
318-281-1802 Fax(318-281-8601)
Certified: 1/1986 Date of 1st Comm: 1/1986
ReCertified: 1/1991 1/1996 1/2001

BASTROP, LA 71220-0000
318-281-7310 Fax()
Hired: 8/1976

A L L C O U R S E S T A K E N

COURSE	DESCRIPTION	DATE TAKEN	USED FOR RECERT	CREDIT
I0001	I101 - FUNDAMENTALS OF REAL PROPERTY APP	05/1977		30.0
I0003	I102 - INCOME APPROACH TO VALUATION	06/1977		30.0
I0008	I500 - PERSONAL PROPERTY VALUATION	07/1978		30.0
I0005	I003 - DEV & REVIEW OF APPRAISAL REPORTS	05/1980		30.0
I0020	I301 (D97) MASS APPR OF RESIDENTIAL PROP	07/1980		30.0
I0015	I201 - APPRAISAL OF LAND	01/1981		30.0
I0022	I311 (D97) MASS APP OF INCOME PROD PROP	06/1984		30.0
I0010	I600 - PRINCIPLES AND TECH OF CADASTRAL	03/1985		30.0
I0006	I400 - ASSESSMENT ADMINISTRATION	05/1985		30.0
I0024	I311 - RESIDENTIAL MODELING CONCEPTS	01/1986		30.0
L0011	LA02 - LA ASSESSORS' MAPPER RU1?	01/1986		15.0
I0001	I101 - FUNDAMENTALS OF REAL PROPERTY APP	01/1987		30.0
I0003	I102 - INCOME APPROACH TO VALUATION	05/1987	01/1991	30.0
L0009	LA01 OIL & GAS SEMINAR '97	01/1988		8.0
L0011	LA02 - LA ASSESSORS' MAPPER RU1?	01/1988		15.0
I0006	I400 - ASSESSMENT ADMINISTRATION	02/1988	01/1991	30.0
I0008	I500 - PERSONAL PROPERTY VALUATION	01/1990		30.0
A0026	SI902 - ADMINISTRATIVE PROCEDURES ACT SE	01/1991		1.0
I0010	I600 - PRINCIPLES AND TECH OF CADASTRAL	05/1991	01/1996	30.0
I0015	I201 - APPRAISAL OF LAND	02/1992		30.0
M0017	MS WKS- DEPRECIATION	04/1993		6.0
L0002	LAACS2 - TRUSTS SEMINAR AT CONF '94	01/1994		1.0
L0003	LAACS3- PROTEST SEMINAR AT CONF '94	01/1994		1.0
I0001	I101 - FUNDAMENTALS OF REAL PROPERTY APP	02/1994		30.0
L0012	LA03- SEMINAR IN BATON ROUGE, AUG '94	08/1994		3.0
L0004	LAACS4- LEGAL ISSUES AT CONFERENCE '95	02/1995		1.0
M0001	ABA01 - ADV PROP TAX SEMINAR IN NEW ORLE	03/1995		5.5
I0053	I651- GIS FOR ASSESSORS WORKSHOP	04/1995	01/1996	15.0
L0007	LAACS7- LIVING TRUST SEM AT CONF '96	01/1996		1.0
I0046	I151- STANDARDS OF PRAC AND PROF ETHICS	02/1996		18.5
L0013	LA04 - WORKSHOP IN BATON ROUGE '96	07/1996		6.0
L0008	LAACS8- SEMINAR AT CONFERENCE '97	01/1997		1.0
I0027	I402 - TAX POLICY	05/1997	01/2001	30.0
L0014	RETIREMENT SEMINAR IN BR AUG '97	08/1997		2.0
L0015	OIL&GAS PROP WKSHP IN LAFAYETTE JAN '98	01/1998		5.0
L0016	SEM. AT CONF. '98 (SUBSIDIZED HOUSING)	01/1998		1.0
L0017	SEM. AT CONF. '98 (DEPRECIATION)	01/1998		1.0
L0018	OIL & GAS SEM BATON ROUGE FEB '98	02/1998		2.0
L0020	SEMINAR FARLEY CONFERENCE '99 NO	01/1999		1.0
L0021	SEMINAR LA BOND COMM CONF '99 NO	01/1999		1.0

Student #: ~~XXXXXXXXXX~~ MOREHOUSE
Assessor

MICHAEL D WOODEN
PO BOX 1177

Home Address:
10392 WILLIAMSBURG LANE

BASTROP, LA 71282-0000
318-281-1802 Fax(318-281-8601)

BASTROP, LA 71220-0000
318-281-7310 Fax()

Certified: 1/1986 Date of 1st Comm: 1/1986 Hired: 8/1976
ReCertified: 1/1991 1/1996 1/2001

A L L C O U R S E S T A K E N

COURSE	DESCRIPTION	DATE TAKEN	USED FOR RECERT	CREDIT
I0051	I152- RESIDENTIAL DEMONSTRATION APPRAISA	03/1999	01/2001	18.5
L0022	REASSESSMENT 2000 BATON ROUGE '99	06/1999		12.0
L0025	LAA W-2 SEMINAR	12/1999		1.0
L0028	NON-PROFIT SEMINAR BR, LA 6/26/00	06/2000		5.0
L0029	LEGISLATIVE AUDITOR SEMINAR 7/12/00	07/2000		1.0
L0031	GIS CONFERENCE LAFAYETTE 1/2001	01/2001		1.0
I0133	I310 - APPLCATNS OF MASS APPRAISAL FUND	02/2001		30.0
L0033	LEGISLATIVE AUDITOR BATON ROUGE 07/01	07/2001		1.0
L0037	RETIREMENT SEMINAR RUSTON 07/01	07/2001		1.0
OTHER	LEGISLATIVE AUDITOR SEMINAR, CONF 2002,	03/2002		1.0
OTHER	LTC SEM, AUDITS/RATIO STUDY, CONF 2002,	03/2002		1.0
OTHER	NON PROFIT SEMINAR, CONF 2002, BOSSIER C	03/2002		1.0
I0162	Marshall & Swift Cost Approach - Residen	04/2002		15.0

Total Credits: 739.5

New Classes Taken:

I0133	I310 - APPLCATNS OF MASS APPRAISAL FUND	02/2001		30.0
L0033	LEGISLATIVE AUDITOR BATON ROUGE 07/01	07/2001		1.0
L0037	RETIREMENT SEMINAR RUSTON 07/01	07/2001		1.0
OTHER	LEGISLATIVE AUDITOR SEMINAR, CONF 2002,	03/2002		1.0
OTHER	LTC SEM, AUDITS/RATIO STUDY, CONF 2002,	03/2002		1.0
OTHER	NON PROFIT SEMINAR, CONF 2002, BOSSIER C	03/2002		1.0
I0162	Marshall & Swift Cost Approach - Residen	04/2002		15.0

Total Credits: 50.0

Appendix J

Natchitoches Parish Tax Assessor's Findings and Response

Appendix J: Natchitoches Parish Tax Assessor's Findings and Response

Residential Property Updates

The Natchitoches Parish Tax Assessor updated all of the residential properties we sampled that required updating between 1996 and 2000.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

We reviewed the assessment values for 139 properties in the parish. We found that 134 (96%) of the properties were updated between 1996 and 2000 in accordance with constitutional requirements. Updating was not required for the remaining five properties we sampled.

The Natchitoches Parish Tax Assessor lacks formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any written guidelines establishing the methodology he uses when updating property values or the frequency of the updates.

The Natchitoches Parish Tax Assessor does not have a formal procedure that ensures all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

The assessor said he has a mechanism in place to ensure that all property values are updated. The assessor conducts ratio studies in neighborhoods with recent sales to determine which values need to be updated. Also, the assessor increases property values in rural areas where there are fewer sales by a percentage or a factor. However, we found no documented procedure that ensures all properties in the parish get updated.

Fair Market Value

The Natchitoches Parish Tax Assessor values property at less than 100% of fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

We attempted to re-calculate the assessment values for 25 sample properties using the assessor's methodology to determine whether those properties are valued at fair market value. However, the assessor was unsure of how his computer program calculated assessment values, and his valuation methodology was not documented. Therefore, we could not replicate all the values on the 2001 tax roll.

We were able to determine whether 15 properties located on three streets in the parish are valued equitably. For each street, we calculated the average square foot price of certain properties and compared the average to each property's square foot price. We found the following:

- Three properties appear to be undervalued compared to the average (20%).
- Two properties appear to be overvalued (13%).
- Ten properties appear to be valued at or near the average (67%).

However, the assessor said that he assesses property at 95% of what he believes to be fair market value, instead of the 100% required by the state constitution.

The Natchitoches Parish Tax Assessor does not have formal documentation of the valuation methodology.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor uses an automated system to assess property. However, the process is not formally documented and the assessor did not have a clear understanding of the process. Without formal documentation, the assessor cannot ensure that properties are updated consistently or to fair market value.

The Natchitoches Parish Tax Assessor maintains sufficient information to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

The assessor's files contained all of the necessary information to estimate fair market value for the properties we sampled.

Completeness of Tax Rolls

The Natchitoches Parish Tax Assessor uses informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said his office uses the following methods to ensure that the tax roll includes all properties in the parish:

- Building permits
- Conveyance records
- Aerial photographs
- Newspaper real estate ads
- Legal News
- Multiple Listing Service
- Inspections of the parish
- Telephone and city directories
- Previous tax rolls

Homestead Exemption Eligibility

The following are the major areas where the Natchitoches Parish Tax Assessor appears to be misinterpreting the laws regarding homestead exemption eligibility.

- **The assessor allows partial ownership to qualify for a homestead exemption.** However, LAC 61:V.3503(C)(4) states that property owned by two or more unmarried persons is not eligible for a homestead exemption except for minor children of a deceased owner.
- **The assessor grants homestead exemptions to living parents who transfer ownership of property to their children while maintaining occupancy.** According to Article VII, Section 20(A)(2) of the Louisiana Constitution of 1974, as amended, only the surviving spouse or minor child of a deceased owner is eligible for a homestead exemption if the spouse or child occupies the property. Homestead exemption laws require ownership and occupancy.
- **The assessor allows more than one homestead exemption to separated couples who provide proof of separation.** A homestead exemption can only be applied to the primary residence [Article VII, Section 20(A)(1) and AG Opinion 95-268]. LAC 61:V.3503(D)(1) also states that only one homestead exemption can be claimed.
- **The assessor grants homestead exemptions on use value land.** Neither the constitution, the revised statutes, nor the administrative code specifically state that use value land is eligible for exemption from ad valorem taxation. However, according to LAC 61:V.3503(D)(7), the income producing part of a homestead is not eligible. Most use value

land (except marshland) is defined by law to be income producing (R.S. 47:2302); therefore, it may not be eligible for a homestead exemption.

- **The assessor grants homestead exemptions to income beneficiaries of trusts and to revocable living trust beneficiaries.** However, LAC 61:V.3503(C)(1) states that income beneficiaries of trusts are not eligible to receive homestead exemptions. Beneficiaries of revocable living trusts are also not eligible to receive homestead exemptions, according to AG Opinion 74-371.

Other areas of the homestead exemption law that the Natchitoches Parish Tax Assessor may be misinterpreting are as follows:

Provision	Authority	Assessor's Response
If a homestead consists of a field, pasture, or garden, the taxpayer is required to personally use the land.	LAC 61:V.3503(D)(8)	The assessor does not require the taxpayer to personally use the land.
A usufructuary is not eligible for a homestead exemption, except for a surviving spouse or child of a deceased owner.	LA Constitution Article VII, Section 20(A)(2) AG Opinions 82-1126 and 80-605	The assessor allows usufructuaries other than the surviving spouse and child to receive a homestead exemption.



D. Rick Hargis, CLA

ASSESSOR
NATCHITOCHES PARISH

P.O. Box 201 • Natchitoches, Louisiana 71458 • Telephone (318) 352-2377

April 2, 2003

Grover C. Austin
First Assistant Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Austin,

I feel the audit report issued by your office was for the most part an accurate account of our practices in Natchitoches Parish for the past several reassessments. There are, however a few issues I would like to address. Two years ago we acquired and installed A.I.S., an assessor's software package from Software and Services of Louisiana. This new software addresses some of the findings in your audit report. The issue concerning policies and procedures for updating residential property values should be corrected. This software has an audit function, which shows the revision made, the date it was revised and who performed the revision.

Also, I could not exactly determine the way our old computer aided mass appraisal system calculated value. This new system resolved the problem of understanding how it calculates value. This new system improves the methodology to determine the fair market value of the property in Natchitoches Parish and keeps our values consistent. I believe this program also helps document our values, not only to our office but also to the taxpayers.

Please consider these points as corrections to your audit report. If you have any questions or concerns, please do not hesitate to call.

Sincerely,

D. Rick Hargis
Assessor, Natchitoches Parish

Appendix K

Orleans Third Municipal District Tax Assessor's Findings and Response

Appendix K: Orleans Third Municipal District Tax Assessor's Findings and Response

Residential Property Updates

We could not determine whether 108 of the 139 properties (78%) we sampled in Orleans Third Municipal District that were not updated should have been.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

We reviewed the assessment values for 139 properties in the district and found that 108 (78%) were not updated between 1996 and 2000. We asked the assessor to explain why these values were not updated; however, he said that the documentation necessary to determine why the values did not change is no longer available in many cases. The assessor offered some general reasons why the properties might not have changed in value but could not provide specific reasons for each case. He said that he was the only one on his staff with the knowledge of why the property values did not change and could not look at all 108 properties because of time constraints. Therefore, we could not determine whether these properties should have been updated. The remaining 31 properties we sampled were updated in accordance with constitutional requirements.

The assessor said that he does not have the funding to reassess all property in his district every four years. Instead, he targets those areas and subdivisions he believes are in most need of review for reassessment.

The Orleans Third Municipal District Tax Assessor lacks formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any written guidelines establishing the methodology he uses when updating property values, the frequency of the updates, or the documentation needed to justify changes in property values.

The Orleans Third Municipal District Tax Assessor has no formal procedure to ensure that all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

The assessor stated that it is impossible for him to update all properties in his district because of insufficient staff and resources.

Fair Market Value

The Orleans Third Municipal District Tax Assessor values property at less than 100% of fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

The assessor generally uses a market approach for updating residential properties; however, his method does not result in properties being assessed at fair market value. The assessor said that he does not increase assessed values by more than 10%. For example, if he examines a property and finds that it will take a 15% increase to bring the property's assessment up to fair market value, he only increases the assessed value by 10%.

We were unable to re-calculate assessment values using the assessor's methodology to determine whether properties in his district are valued at fair market value because the assessor did not have square footage information for 15 of the 25 properties in our sample. Also, the assessor does not maintain any documentation of how assessed values are calculated.

The Orleans Third Municipal District Tax Assessor does not have formal documentation of his valuation methodology.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor did not have any documentation showing how he performed the 2000 reassessment. Thus, we were unable to test the reasonableness of the valuation methodology he uses. The assessor had documentation of some sales studies that he used for the 2000 reassessment; however, he said he often throws away old sales studies and calculation documentation. Without formal documentation, the assessor cannot ensure that properties are updated consistently or to fair market value.

The Orleans Third Municipal District Tax Assessor does not have the necessary information to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

The assessor did not have data on property characteristics for 60% (15 of 25) of the properties we sampled. Without the necessary information to assess fair market value, neither we nor the assessor can determine if properties are assessed equitably or to fair market value.

Completeness of Tax Rolls

The Orleans Third Municipal District Tax Assessor uses informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said his office uses the following methods to ensure that the tax rolls include all properties in the district:

- Building permits
- Utility companies

Homestead Exemption Eligibility

The following are the major areas where the Orleans Third Municipal District Tax Assessor appears to be misinterpreting the laws regarding homestead exemption eligibility.

- **The assessor grants homestead exemptions to bond for deed buyers.** Article VII, Section 20(A)(1) of the Louisiana Constitution of 1974, as amended, does not specifically include bond for deed buyers in its definition of ownership. Also, Section 21 does not exempt bond for deed property from ad valorem taxation. In addition, the Louisiana Supreme Court ruled in *Wooden v. Louisiana Tax Commission* that R.S. 9:2948, which establishes a bond for deed buyer as a property owner solely for the purpose of the homestead exemption, is unconstitutional because it indirectly establishes an exemption from taxation.
- **The assessor allows partial ownership to qualify for a homestead exemption.** However, LAC 61:V.3503(C)(4) states that property owned by two or more unmarried persons is not eligible for a homestead exemption except for minor children of a deceased owner.
- **The assessor allows more than one homestead exemption to separated couples who provide proof of separation.** A homestead exemption can only be applied to the primary residence [Article VII, Section 20(A)(1) and AG Opinion 95-268]. LAC 61:V.3503(D)(1) also states that only one homestead exemption can be claimed.

Other areas of the homestead exemption law that the Orleans Third Municipal District Tax Assessor may be misinterpreting are as follows:

Provision	Authority	Assessor's Response
The tracts included in a homestead are not required to be adjacent.	LA Constitution Article VII, Section 20(A)(1)	The assessor requires the tracts to be adjacent.
The income producing part of a homestead is not eligible for a homestead exemption.	LAC 61:V.3503(D)(7)	The assessor allows part of the property (other than the land) to be used to produce income.

April 4, 2003

Mr. Groover Austin, CPA, CFE Auditor
Office of Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

RE: "Property Assessments"

Dear Mr. Austin:

This is in response to your correspondence of March 19, 2003 relative to your findings during your performance review of the Orleans Third Municipal District.

After reviewing the comments made we submit the subsequent responses to your proposed comments.

REVISED APRIL 3, 2003

Residential Property Updates

COMMENT A: We could not determine whether 108 of the 139 properties (78%) we sampled in Orleans Third Municipal District that were not updated should have been.

RESPONSE: We concur that you were not able to determine whether all the properties had been updated out of the 139 properties selected for your sample. While I do not agree with the percentage that you claim were not updated, it was a conscious decision I had to make as assessor as how to allocate my time after your examiners had been reviewing historical assessment data for three months already. If the questions had been asked earlier during their review, I am certain we could have helped them better understand the numerical and alphabetical codes used by us to identify when we last reappraised a property in their sample.

Since their request came after our last meeting was held, I knew from a small review of some of the sample items that many of the answers were already present to address their questions, even though we no longer had on file working papers for the period of your review.

Your last paragraph is correct with respect to my representation about the issue of funding. However, it is incorrect relative to reassessing property in this district every four years. We do reappraise the entire district every four years. Designated areas are selected each year in this district to ensure that we review every property at least once in a four year period. This does not mean that an assessment must be changed or updated as your comments suggest. We are limited by the fact that 100% of this assessment district cannot be reviewed in a one year period for the quadrennial reevaluation.

COMMENT B: **The Orleans Third Municipal District Tax Assessor lacks formal policies and procedures for updating residential property values.**

RESPONSE: We do not concur totally with your findings in this matter because, at our initial interview with your staff over three months ago, we provided them with our written policy for updating all property values from real estate transfer documents. This document cost my office \$15,000 to produce and its procedures are used daily by my staff. While this is the first step to determining market value, it is responsible for the creation of our periodic sale reports generated by the city for us to determine which areas within this assessment district should be re-evaluated. As conveyed to your staff, we utilize a simple regression analysis derived from mean average sales prices that are divided by square footage to determine fair market values. We use the market approach for all residential properties to value property, an acceptable mass appraisal methodology per Louisiana Tax Commission guidelines, IAAO and the majority of other appraisal organizations. I regret that your staff had difficulty in understanding our methodology because it is not printed in a policy manual by my office. Our approach to valuing property from the sales analysis and subdivision revaluation binders provided to them - which are still on file-obviously was not understood by them. They were looking for an absolute FMV estimate on each property, when the unit value multiplied times the living area of each home generates an equitable assessment distribution to all property owners in that area.

COMMENT C: **The Orleans Third Municipal District Tax Assessor has no formal procedures to ensure that all residential properties are updated.**

RESPONSE: I do not concur with this finding because it further underscores the fact that, while your staff tried to understand our representation on our method of revaluation every four years, they failed to do so, although explained to them on two occasions by my chief deputy and me. This district does comply with the requirements of Article VII, Section 18(f) of the Louisiana Constitution of 1974, as amended. In fact, historical records reflect that we have met this requirement in every reappraisal tax year except 1989. Your staff's misinterpretations stem from their inability to understand how we select an area for reappraisal in this district every tax year instead of waiting until a reappraisal tax year is designated by the LTC Guidelines. This method is employed for obvious budgetary reasons.

We have 78,800 appraisals to review every four years on a budget of \$7.29 per assessment. The average assessment district's budget in this

state is \$13.88 per assessment while nationally there is a \$19 per assessment average. We would be unable to get the four year review done if we only captured recent sales transaction's annually and waited until a reappraisal year. This is the reason we maintain a coding system and maps to determine which areas in our district should be selected for review. While formal written policies may be a desirable method to document everything we do, this would constitute a luxury item which must always be secondary to achieving timely assessment coverage.

Fair Market Value

COMMENT C: **The Orleans Third Municipal District Tax Assessor values property at less than 100% of fair market value.**

RESPONSE: The Louisiana Constitution requires residential property to be assessed at 10% of its estimated fair market value and commercial property to be assessed at 15% of its estimated market value. The statutes provides a 10% plus or minus error factor. The Third Municipal District's assessments have consistently met the requirements of the constitution as evidenced by the assessment/ratio study performed annually by the Louisiana Tax Commission. It is regrettable that your staff was not able to follow the computer printout or the three-year sales analysis provided to them for review. We do not concur with your comments and believe that your review staff accounting training has had them focused on an absolute fair market value for every property included in their sample.

It is evident they do not understand appraisal theory after attempting to review IAAO guidelines. However, they have no understanding of how market value is determined under mass appraisal theory when based upon an average value derived from a trend analysis of sales (in our case a 3 year sales analysis) over a period intended to yield a fair and equitable allocation of market value for each property in a given area. This is called equal protection for each property owner and is subject to changes by economic influences beyond the control of the assessor or property owner. This is quite different than a balance sheet changes where changes are the result of transactions with clearly defined values and not an average of transaction values.

Availability of Property Description

COMMENT D: **The Orleans Third Municipal District Tax Assessor does not have the necessary information to estimate fair market value.**

RESPONSE: As we stated during the interview with your staff, this office has provided a LAT 1 self-reporting form to all new property owners in this district. This practice dates back to 1977 and 1980 on a mass mailing basis, and has been done on an on-going basis for every new homeowner ever since. There is no provision in the law that provides a penalty for a homeowner's failure to compute the home's size correctly or return the form to the assessor's office. The form itself only carries a warning that "the taxpayer will forfeit the right to appeal an assessment unless the form is on file in the assessor's office." In the absence of a form on file, the assessor's office makes a field inspection of the subject property which may include a measurement of the premises. This helps us to insure that we are making an equitable and fair assessment to all property owners.

Therefore, the latter comment is incorrect because the fact that a form is not on file does not stop us from estimating a property's value. Our records indicate that we have 87.4% of the LAT forms on file for all the properties in this district. The problem with the form is its questionable accuracy based on the data as supplied by property owners on the forms.

We are at a loss to comprehend that 15 properties in "the sample" were alleged not to have had Lat forms on file in this office. Since it was not brought to the attention of the undersigned or my chief deputy responsible for interfacing with your staff, we question whether the data was really not available. If a form was not on file this information would have been readily available on our online computer files. Without a knowledge of the properties used in your sample, we can only speculate that some data may actually have been available, but requested from someone other than my chief deputy or me, by my staff. As you know, the record retention law requires that we maintain records at least three years but not ad infinitum. It could be possible that the data was destroyed because of age but maintained updated in our computer system.

COMMENT E: **The Orleans Third Municipal District Tax Assessor does not have formal documentation of his valuation methodology.**

RESPONSE: I concur that we do not have a complete policy and procedure manual for every task in the assessor's office to satisfy the examiner's desires.

However, the tax roll itself is the physical evidence that 2000 reassessment was completed based upon my policies that are in existence. The tax rolls were reviewed subsequently by the LTC after the tax rolls were certified, and have met the requirements of Article VII, Section 18(f). While a procedure manual for every task is desirable, a document is not necessary to explain methodology when you are following the LTC and IAAO guidelines for assessing properties. The cost, market, or income approaches are all we would use.

Completeness of Tax Rolls

COMMENT F: **The Orleans Third Municipal District Tax Assessor uses informal methods to ensure that all properties appear on the tax rolls.**

RESPONSE: I do not concur that all items cited in this section constitute an informal method used to insure that all properties appear on the Third District tax rolls in Orleans Parish. Review of maps, building permits, field inspections, sales data, sales histories, and phone directories are recognized methods used to ensure a completed tax roll. The only problem I have with this section is the use of the word "informal" because it implies that there is something negative with our approach to the specific tasks of preparing a completed tax roll. This section appears to imply that there is a better "formal" method to ensure that all properties are included on our tax rolls. The fact is they are informal methods are generally accepted although they are not written procedures as viewed by your staff, but nevertheless recognized and utilized by every assessor's office in this state. I question what is considered formal verses informal methods when the facts are as follows:

RESPONSE: **Building permits:**

Building Permits are issued for new construction, renovations, and additions as a procedure to the assessor's office by the Department of

Safety and Permits for the City of New Orleans, another governmental entity outside of the assessor's office. Every Monday a printout of all such building permits issued is sent to the assessor's office where a staff member is required to verify that the construction is complete and to be included on the tax roll. While this procedure does not appear in writing for your review staff, from our prospective, this is a formal process utilized daily for the past 18 years. We do extensive research in the mortgage office to obtain construction contracts and mortgage figures to support assessment calculations. This is followed up with field observations and photographs. If your staff has a more formal approach, please advise.

RESPONSE: Utility companies:

Verbal confirmation from the utility company is used to verify completion days for construction projects and when homestead exemptions should be issued. This is the only informal item used by us to ensure that all properties appear timely on our tax rolls on your list. Written confirmation is only needed in court as evidence.

Homestead Exemption Eligibility

COMMENT G: The assessor grants homestead exemptions to bond for deed buyers.

RESPONSE: This is in response to your allegation that I incorrectly grant homestead exemptions on **Bond for Deed** ownership of property. I am acutely aware of what this section of the law states since I am a former defendant in the only lawsuit regarding on this matter. However **Art. 477** of the **Code of Civil Procedure** *Ownership*; states the following:

B. A buyer and occupant under a Bond for Deed contract is the owner of the thing for purposes of the homestead exemption granted to other owners pursuant to Art VII, Section 20(A) of the Constitution of Louisiana. The buyer under a Bond for Deed shall apply(emphasis added) for the homestead exemption each year.

This provision mandates (shall apply) that Bond for Deed buyers apply for their homestead exemptions. As assessor, I, in turn, must perform my ministerial duties and proceed to provide them with the homestead exemption application and subsequently grant the

exemption if they are found to actually own and occupy the property.

On (February 20, 1995) R.S. 9: 2948 was declared unconstitutional by the Supreme Ct. by virtue of Wooden V. Louisiana Tax Commission. Art 477 however was passed January 1, 1980, amended in 1995, effective January 1, 1996, after the court's decision it is still apparently alive and well and can still be found in the current 2003 Louisiana Civil Code. Simply put, I must obey the law as it is written, per the judge's orders and as mandated in case (Polk v. Edwards (1993)). Therefore, your agency examiners are incorrect on this comment.

COMMENT: Assessor allows partial ownership to qualify for a homestead exemption.

RESPONSE: You quote an Attorney General's Opinion to indicate that *two or more unmarried persons are not entitled to a homestead exemption*. As you are aware, Attorney General's Opinion are just that, *opinions*. They **do not have** the force of law. Especially a 1874 opinion. The Louisiana Constitution requires **only ownership and occupation** of the property in order to be eligible for a homestead exemption. Your staff misunderstood this legal interpretation and does not understand the constitutional requirements. It does not state nor imply that one has to be **married** in order to reap the benefits of the homestead exemption. To even suggest that only married couples should be the **only** ones eligible to receive the homestead exemption is to deny single persons **equal protection** under the **Constitution of the United States of America**. Such a stipulation would surely be held unconstitutional. Such a narrow minded idea would set property ownership rights back into the Dark Ages. One's marital status is clearly unimportant here and is not a consideration. Based upon this evidence, I believe that your comment is a result of a misunderstanding without evidence and the comment was issued in error.

COMMENT: The Assessor allows more than one homestead exemption to separated couples who provide proof of separation.

RESPONSE: This is totally incorrect. No such representation was made to your staff nor is there any physical evidence in their working papers to support this finding. We have never allowed a homestead exemption merely because a couple has shown us proof of separation. It is clear from this comment that your examiners did not understand the difference between a **Judgment of Separation** versus a **Judgment of Partition of the Community** or a **Judgment of Divorce**, wherein

ownership of property has been partitioned. Our procedure for issuance of a homestead exemption is as follows: once we receive either a **Judgment of Divorce**, and a **Judgment partitioning the community**, which has been properly filed in the public record (court house), we issue a homestead exemption to either party who properly qualifies as the owner and occupant of a parcel of residential property only.

A **Judgment of Separation** is not a **final judgement** and unless it so stipulated, **does not end** or partition community property, a necessary element for both persons to individually receive a homestead exemption.

COMMENT: Other areas of the homestead exemption law that the Orleans Third Municipal District Tax Assessor may be misinterpreting:

The Legislative Auditor categorizes several areas concerning the granting of a homestead exemption by the Orleans Parish Third Municipal District Tax Assessor that suggest this office **may be** - emphasis added - misinterpreting the law.

PROVISION A: The report states the following: "The assessor **does not allow** a surviving spouse or child to receive a homestead exemption."

RESPONSE A: This assessor has no misunderstanding of this section of the law after 18 years of application of this policy. This comment indicates the performance examiner is confused. This assessor does issue a homestead exemption to a surviving spouse or child. The surviving spouse must of course have been a co-owner of the subject property at the time of death of the decedent. In the case of a minor child, there must be a court appointed guardian, tutor, or tutrix to assist the minor child in claiming the homestead exemption. This is a factual matter routinely handled by my clerical staff on a daily basis. This response is listed incorrectly.

SUB-PROVISION B: The Legislative Auditor contends that the occupation of a residence must occur by August 1 of each year.

RESPONSE B: Your staff's working papers do not support such a comment for this assessment district. Article VII, Section 20(A)(2) of the state constitution is silent regarding any requirement of a specific date for claiming a homestead exemption. Section 47, Article 1703, paragraph A of the Louisiana Revised Statutes is silent as well. Paragraph B, however, does state that "in the parish of Orleans, the status of real

and personal property on the first day of August of each year shall determine its liability for or exemption from taxation for the following year." Further, the Louisiana Administrative Code, Title 6, Section 3503(C)(4) states: "Homestead exemptions are based upon the conditions of things existing on January 1 (August 1 in Orleans Parish) each year.

We follow the Louisiana Tax Commission guidelines in this matter. Clearly, both the Revised Statutes 47:1703, paragraph B, and the Louisiana Administrative Code 61:V.3503(e)(4) refer to material or tangible "things" - not persons. As previously stated, the constitution is silent on this matter. There is no indication made of occupation by a person or persons by August 1st. This office contends that a person or persons might claim a homestead exemption before or after August 1st a tax year, as long as the requirement of assessing the realty - land and improvements - is met by that date. There is no legal impediment that bars a person or persons, meeting the necessary requirements of ownership and occupancy, from claiming a homestead exemption after occupying the residence in such cases.

Moreover, in Orleans Parish taxes are collected at the beginning of the tax year and homestead exemptions are issued retroactively for three years if the owner meets the occupancy criteria based upon the provisions of R.S.47:1966.

PROVISION C: **The third provision listed by the Legislative Auditor states that "tracts included in a homestead are not required to be adjacent."**

RESPONSE C: Please note that Orleans Parish is not a rural parish. This office cannot address the necessary conditions that must be obtained in those parishes where non-contiguous parcels may qualify for the homestead exemption. Orleans Parish does not have fields, pastures, or gardens up to one hundred sixty acres associated with a home that qualifies for the homestead exemption. In Orleans Parish, an urban area, a residence (the place where one lives) cannot be built on more than one parcel of ground if not contiguous parcels. Therefore, we do not provide a homestead exemption to a person or persons who may own more than the designated lot of record which the residence is located, if not contiguous. If that was not the case, then the homestead exemption could be claimed for multiple lots or parcels that are separated from the residence - by great distance in some cases - and which play no part at all in the establishment of a homestead. In other words, lots that make no contribution whatsoever to the creation of a home with adjacent land used to support the maintenance of the

home. Homestead exemptions are granted to owners who own homes with contiguous lots assembled under one bill number. These are homes where the other lots of record are assessed together because these lots constitute a side yard or may have one or more outbuildings on them. Non-contiguous lots or parcels cannot be viewed as candidates for the homestead exemption. Our experience demonstrates that such lots or parcels are often held for their potential resale value or for use as sites for building purposes unrelated to the home where the homestead exemption is being claimed. We submit that LAC 61:V.3503(D)(8) supports our position in this matter, and we do not understand your contradictory viewpoint. Certainly in the past 30 years, if Orleans Parish Assessors' were not properly interpreting this law, owners with the financial means would have sought a legal remedy in the court system. This office is correct in requiring ownership of adjacent parcels to claim a homestead exemption, and your comment is evidence of a lack of understanding of this law by the staff reviewer.

PROVISION D: "The income producing part of a homestead is not eligible for a homestead exemption."

RESPONSE D: This office allows a \$7,500 homestead exemption to be issued to those owners of residential dwellings only that are designated as singles, doubles, triplexes, and four-plexes. To the best of our knowledge, we know of no issuance of a homestead exemption to any property used as a business to produce income.

We do not issue homestead exemptions to places of business simply because they are not residential properties. We routinely assess all business properties at the constitutional prescribed rate of 15%. We do not believe that there is any evidence that supports this comment by your staff. Moreover, if there is evidence where someone misrepresents their residence for a homestead exemption, we are prepared to cancel the exemption under the provisions of R.S.47:1966.

IN SUMMARY

As a tax assessor in this state with many years of experience, I firmly believe that our fundamental problems with the ad valorem tax process in Louisiana emanate from our legislature's failure to consistently and equitably provide a funding mechanism at the Louisiana Tax Commission's and assessor's level to properly provide for the assessment function to be carried out.

In addition to a proper funding mechanism, certain laws need changing to ensure

that the information gathering and appeal process for property owners are accurately and fairly carried out. While I have found your overall report more negative in its presentation, I do understand that your examiners made a reasonable attempt to understand the data provided to them and the written laws that apply in our operation.

However, given their comments, they did not thoroughly understand the practical application of these laws within the budgetary constraints provided by our legislature to the Tax Commission and assessors' offices. Those of us who approach this function from a professional, rather than a political viewpoint would welcome the opportunity to have ample funding like our neighboring states with laws and relative controls for us to operate in a generally recognized framework with competent oversight. However, until they (our legislature) see the light, this process will continue to be subject to many misinterpretations as to assessment equality, coverage, and the actual application of our state laws.

Therefore, reports like this will only be a framework for intuitive discussions for reform candidates for governor of our state only later to gather dust on someone shelves. As office holders, we seek a real working solution to the ad valorem problems of our state, I hope your report helps. However, this won't happen unless our legislature patterns our system after a few successful state ad valorem taxation models. It won't be done on a thrifty store budget but it can be done if properly funded.

Sincerely,

Erroll G. Williams, Assessor
Third Municipal District

Appendix L

St. Tammany Parish Tax Assessor's Findings and Response

Appendix L: St. Tammany Parish Tax Assessor's Findings and Response

Residential Property Updates

The St. Tammany Parish Assessor updated all of the residential properties we sampled that required updating between 1996 and 2000.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

We reviewed the assessment values for 115 properties in the parish. We found that 95 (83%) of the properties were updated between 1996 and 2000 in accordance with constitutional requirements. Updating was not required for the remaining 20 properties we sampled.

The St. Tammany Parish Assessor lacks formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any written guidelines establishing the methodology he uses when updating property values, the frequency of the updates, or the documentation needed to justify changes in property values.

The formal procedure that the St. Tammany Parish Assessor uses ensures all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

The assessor has a mechanism in place to ensure that all property values are updated. The assessor's computer system flags each property that has been updated and allows the assessor to pull a list of those properties that have not been flagged. The assessor also conducts market studies during the four years between reassessment cycles. The assessor relies on the results of these studies to determine which values to update.

Fair Market Value

The St. Tammany Parish Assessor purposely values property at less than 100% of fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

The assessor said she normally values properties at 95% of fair market value. She said that they assess property below fair market value in order not to raise taxes too much. A taxing district in this parish voted not to roll back its millage rate when the total taxes collected increased because of reassessment. The constitution mandates that millages be adjusted to prevent the increase or decrease of total taxes collected because of reassessment or changes in the homestead exemption. This provision is commonly referred to as the roll-forward/roll-back provision. However, the taxing authority can vote by a two-thirds majority and hold a public hearing to adjust the millage upward to enjoy the added revenues. Therefore, the St. Tammany assessor has chosen to reduce the burden on the taxpayers by improperly assessing properties at less than fair market value.

We re-calculated the assessment values for 25 sample properties using the assessor's methodology. We compared our calculations to the 2001 tax roll to determine whether the properties are assessed at fair market value and found the following:

- Fourteen properties appear to be undervalued (56%).
- One property appears to be overvalued (4%).
- Nine properties appear to be valued at or near fair market value (36%).
- We could not determine whether one property was valued at or near fair market value because of insufficient property information (4%).

We also re-calculated the assessment values for 15 properties in one subdivision in the parish. We compared our calculations to the 2001 tax roll and found that all the properties appear to be valued at 93% - 94% of their fair market value.

The St. Tammany Parish Assessor does not have formal documentation of the valuation methodology used in the 2000 reassessment.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor has an assessment manual; however, it was not used for the 2000 reassessment. The assessor was unable to provide documentation of how the 2000 reassessment was conducted. Without formal documentation, the assessor cannot ensure that properties are updated consistently or to fair market value.

The St. Tammany Parish Assessor generally has sufficient information to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

The assessor's files for most of the properties we sampled contained the necessary information to estimate fair market value.

Completeness of Tax Rolls

The St. Tammany Parish Assessor uses several informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said her office uses the following methods to ensure that the tax roll includes all properties in the parish:

- Building permits
- Utility companies
- 911 system
- Appraisers and realtors

Homestead Exemption Eligibility

The following are the major areas where the St. Tammany Parish Assessor appears to be misinterpreting the laws regarding homestead exemption eligibility.

- **The assessor grants homestead exemptions to bond for deed buyers.** Article VII, Section 20(A)(1) of the Louisiana Constitution of 1974, as amended, does not specifically include bond for deed buyers in its definition of ownership. Also, Section 21 does not exempt bond for deed property from ad valorem taxation. In addition, the Louisiana Supreme Court ruled in *Wooden v. Louisiana Tax Commission* that R.S. 9:2948, which establishes a bond for deed buyer as a property owner solely for the purpose of the homestead exemption, is unconstitutional because it indirectly establishes an exemption from taxation.
- **The assessor allows partial ownership to qualify for a homestead exemption.** However, LAC 61:V.3503(C)(4) states that property owned by two or more unmarried persons is not eligible for a homestead exemption except for minor children of a deceased owner.
- **The assessor allows more than one homestead exemption to separated couples who provide proof of separation.** A homestead exemption can only be applied to the primary residence [Article VII, Section 20(A)(1) and AG Opinion 95-268]. LAC 61:V.3503(D)(1) also states that only one homestead exemption can be claimed.
- **The assessor grants homestead exemptions on use value land.** Neither the constitution, the revised statutes, nor the administrative code specifically state that use value land is eligible for exemption from ad valorem taxation. However, according to LAC 61:V.3503(D)(7), the income producing part of a homestead is not eligible. Most use value

land (except marshland) is defined by law to be income producing (R.S. 47:2302); therefore, it may not be eligible for a homestead exemption.

Another area of the homestead exemption law that the St. Tammany Parish Assessor may be misinterpreting is as follows:

Provision	Authority	Assessor's Response
The tracts included in a homestead are not required to be adjacent.	LA Constitution Article VII, Section 20(A)(1)	The assessor requires the tracts to be adjacent.

Unallowable Homestead Exemptions

The state constitution (Article VII, Part 2, Section 20) allows for one property to be exempted from state, parish, and special ad valorem taxes up to \$7,500 of the assessed valuation for an individual. In addition, the LAC provides that a person can claim only one homestead exemption. If two pieces of property are claimed as part of a homestead, one piece must include a residence and the other piece may be used by the owner as a field, garden, or pasture.

The St. Tammany Parish Assessor granted more than one homestead exemption within the parish for individual property owners in 2001.

The St. Tammany tax assessor acknowledged that 189 (34%) of the 550 individual property owners we identified from the 2001 tax roll as potentially receiving more than one homestead exemption had received more than one homestead exemption. The deputy assessor said that 21 of these properties had been identified and removed from the 2002 tax roll. He also said the remaining 168 were removed for the 2003 tax roll.

If St. Tammany had collected taxes on the 189 properties that should not have been homestead exempted in 2001, it could have collected as much as \$247,637 more in property tax revenue. This example assumes that all of the properties were assessed at a minimum of \$7,500.

Our methodology only addressed homestead exemptions where the properties are listed under the same name. If a person has more than one homestead exemption listed under different names, for example, maiden name and married name or husband's name and wife's name, we would not have been able to identify it.

The St. Tammany Parish Assessor granted homestead exemptions that may not be allowable under state law.

As we reviewed the tax assessor's resolutions of the potential multiple homestead exemptions, other situations came to our attention that illustrate unallowable homestead exemptions mentioned in the previous section (for example, bond for deed buyers, partial ownerships, and husband and wife living in different residences).

- **The assessor granted homestead exemptions to bond for deed buyers.**

We found at least 54 instances where the assessor had granted multiple homestead exemptions for bond for deed sellers. For example, one taxpayer had 29 properties with homestead exemptions listed in his name. One of these properties was his primary residence, and the other 28 were for properties to which he held bonds for deed. The state constitution does not include bond for deed buyers in its definition of ownership.

- **The assessor granted a homestead exemption for partial ownership of a property**

We found at least one instance where the assessor had granted homestead exemptions for partial ownership of a property. For example, a person resides in a house but owns the house with three other people. The assessor grants a homestead exemption for the house. As previously stated, the constitution requires ownership of property in order to be eligible for a homestead exemption. The administrative code [LAC Title 61 Part V, Section 3503(C)(4)] states property owned by two or more unmarried persons is not entitled to the homestead exemption except for minor children of a deceased owner.

- **The assessor granted a husband and wife two homestead exemptions.**

The tax assessor allowed a husband and wife and a separated couple homestead exemptions on two houses. Article VII, Section 20(A)(1) of the state constitution states that a homestead exemption can only be applied to the primary residence. In addition, AG Opinion 95-268 states that a husband and wife, each owning their own separate residence, can only claim a homestead exemption on the residence deemed to be the principal domicile residence. However, neither the state constitution nor any other law we could find addresses married couples who are separated.



Patricia Schwarz Core

Certified Louisiana Assessor

St. Tammany Parish Courthouse

510 East Boston Street

Covington, Louisiana 70433

April 2, 2003

Mr. Grover C. Austin
First Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

RE: St. Tammany Parish Audit

Dear Mr. Austin:

In response to your letter dated March 19, 2003, below please find our response to your findings.

THE ST. TAMMANY PARISH ASSESSOR LACKS FORMAL POLICIES AND PROCEDURES FOR UPDATING RESIDENTIAL PROPERTY VALUES.

Our office updates properties based on where the property is located, whether or not it is in a measured subdivision and sales prices for like properties. We will, however, develop a written manual documenting how we accomplish the goal of updating all properties.

THE ST. TAMMANY PARISH ASSESSOR PURPOSELY VALUES PROPERTY AT LESS THAN 100% OF FAIR MARKET VALUE.

(...2001 tax roll and found that all the properties appear to be valued at 93-94% of their fair market value.)

This percentage is due to rising values in our parish.

The only time an assessment is placed on the tax roll at 95% of sale price or market value is when the property is located in an unmeasured area. My statement was that it would be totally unfair to assess at 100% of value when like properties are assessed at a much lower rate. It was explained to the auditors that this office did not have property record information at the time of my taking oath of office. Therefore, all of the parish is not measured and documented at this time.

Due to the fact that there has been a lack of funds, lack of space and man power to achieve this goal, as of today's date more than 60% of the parish is now measured and documented.

Upon moving into the new courthouse on May 5, we will be hiring an additional employee to do mapping. This will locate additional properties that are not on the roll at this time and have more accurate information to be able to assess properties at 100% of market value.

THE ST. TAMMANY PARISH ASSESSOR DOES NOT HAVE FORMAL DOCUMENTATION OF THE VALUATION METHODOLOGY USED IN THE 2000 REASSESSMENT.

As we discussed with the auditors, we changed property values across St. Tammany Parish based on bench marks established by our appraisal department. The appraisal department used various sources of information to determine percentages of increase or decrease which would result in an approximation of fair market value. We can provide a complete list of these percentage changes used in the 2000 reassessment, if necessary. Our office will construct a written manual for the 2004 reassessment.

HOMESTEAD EXEMPTION ELIGIBILITY

- **THE ASSESSOR GRANTS HOMESTEAD EXEMPTIONS TO BOND FOR DEED BUYERS.**

See the attached Attorney General Opinion 93-504 to Assessor Michael Wooten. Homestead exemptions were granted to St. Tammany Parish Bond for Deed buyers based on this Opinion. This Bill was passed unanimously in the House and with only one nay in the Senate, so clearly it was found to be desperately needed throughout our state to protect the homeowner that purchased under a Bond for Deed contract..

THE ASSESSOR ALLOWS PARTIAL OWNERSHIP TO QUALIFY FOR A HOMESTEAD

As long as the individual owns an undivided interest in the property and meets other occupancy requirement, he or she qualifies for homestead exemption.

- **THE ASSESSOR ALLOWS MORE THAN ONE HOMESTEAD EXEMPTION TO SEPARATED COUPLES WHO PROVIDE PROOF OF SEPARATION.**

Louisiana law provides that community property no longer exists upon a legal separation.

According to note number three of La. Revised Statute 47:1703, the five essential elements necessary to obtain a homestead exemption are (1) a tract of land, (2) a residence thereon, (3) ownership and (4) occupation of both by (5) a person which must be determined on the first day of January of the tax year. Op.Atty.Gen. No. 92-856, Feb. 12, 1993. This information was provided to us by the Attorney for the City of Covington, William Magee as the justification for granting homestead exemptions to separating couples.

- **THE ASSESSOR GRANTS HOMESTEAD EXEMPTIONS ON USE VALUE LAND.**

We do not grant homestead exemptions on use value land unless that property includes the applicants residence and is at least 3 ½ acres in size.

In answer to the St. Tammany Assessor misinterrupting homestead exemption law, homeowners owning more than one piece of property are only granted a homestead exemption on properties that are contiguous with their residence.

Please provide us with legal proof that property that is not contiguous with their residence can be granted homestead exemption. Upon receiving that information we will grant homestead exemption on property that is not contiguous with their residence.

THE ASSESSOR GRANTED HOMESTEAD EXEMPTIONS THAT MAY NOT BE ALLOWABLE UNDER STATE LAW.

Response to paragraph 1:

The majority of the duplicate homestead exemptions noted in your findings were on the tax roll prior to my administration.

After realizing duplicate homestead exemptions were a problem, in 1994 we searched for duplicate homestead exemptions with addresses different than the residence. Any homestead exemptions that were deemed to be duplicates were removed. Verifying the remaining possible duplicate homestead exemptions would have required extensive abstracting and appraisal manpower. Measuring the entire parish and establishing an information folder for each and every piece of property in St. Tammany Parish was our highest priority. Annually, duplicate homestead exemptions will be removed upon our office verifying these properties are duplicates prior to the certification of the tax roll by the Louisiana Tax Commission.

Response to paragraph 2:

- **THE ASSESSOR GRANTED A HOMESTEAD EXEMPTION FOR PARTIAL OWNERSHIP OF A PROPERTY**

As long as the individual owns an undivided interest in the property and meets other occupancy requirement, he or she qualifies for homestead exemption.

- **THE ASSESSOR GRANTED A HUSBAND AND WIFE TWO HOMESTEAD EXEMPTIONS.**

According to note number three of La. Revised Statute 47:1703, the five essential elements necessary to obtain a homestead exemption are (1) a tract of land, (2) a residence thereon, (3) ownership and (4) occupation of both by (5) a person which must be determined on the first day of January of the tax year. Op.Atty.Gen. No. 92-856, Feb. 12, 1993. This information was provided to us by the Attorney for the City of Covington, William Magee as the justification for allowing these types of homestead exemptions.

Please advise me of any help you will provide in the way of manpower to achieve the goal of assessing 100% of market value for the reassessment year of 2004.

Finally, by definition a tract or parcel of land is considered to be contiguous. For this reason I feel that a homestead exemption can be granted only on contiguous property.

Sincerely,

PATRICIA SCHWARZ CORE, CLA, CRS, CRB, GRI
Certified Louisiana Assessor

PSC:sc

Attachment



RICHARD P. LEYOUS
ATTORNEY GENERAL

State of Louisiana

DEPARTMENT OF JUSTICE

Baton Rouge

70804-9005

*Mailed a copy
to all assessors
8/6/93*

AUGUST 03 1993

OPINION NUMBER 93-504

Mr. Michael D. Wooden, CRA, CLA
President
Louisiana Assessor's Association
P.O. Box 1177
Bastrop, Louisiana 71221-1177

Post-It® Fax Note	7671	Date	3/28/93	# of pages	4
To	George Klumpp	From	Billie		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #		Fax #			

Dear Mr. Wooden:

On behalf of the Assessor's Association, you have requested the opinion of this office regarding House Bill 1050, which became Act 1030 of the 1993 Regular Legislative Session ("Act 1030").

Act 1030 enacts R.S. 9:2948, which statute will become effective on August 15, 1993. As set forth in Act 1030, R.S. 9:2948 will provide:

"Notwithstanding any other provisions of law to the contrary, the buyer under a bond for deed contract shall be deemed, for purposes of the homestead exemption only, to own any immovable property he has purchased and is occupying under a bond for deed, and may be eligible for the homestead exemption provided in Article VII, Section 20(A) of the Constitution of Louisiana if otherwise qualified. The buyer under a bond for deed contract shall apply for the homestead exemption each year."

With regard to Act 1030, the Assessor's Association asks that this office examine the following questions:

1. Do the provisions concerning ownership contained in Act 1030 conflict with the provisions of this state's Constitution relative to the homestead exemption?

2. Can a homestead exemption be granted on property being purchased under a "bond for deed" contract?

Mr. Michael Wooden, CRA, CLA
OPINION NUMBER 93-504
Page -2-

Your questions require this office to examine the meaning of the word "owned", as contained within La. Const. (1974) Art. VII, Sec. 20, as we are of the opinion that ownership is an essential element that must be present for the existence of a "bona fide homestead". Attorney General's Opinions No. 86-364 and No. 84-1058. In this endeavor, we must also scrutinize the nature of bond for deed contracts, with regard to the ownership of the property which is the subject thereof.

We note that the definition of a "Bond for Deed" as set forth in R.S. 9:2941, states as follows:

"The bond for deed is a contract to sell real property, in which the purchase price is to be paid by the buyer to the seller in installments and in which the seller after payment of a stipulated sum agrees to deliver title to the buyer." (emphasis added)

This definition makes it clear that a sale does not take place, and title to the property does not pass to the purchaser, until after payment of the "stipulated sum" or "installments" referred to therein. In our opinion, passage of title to the buyer is essential if the property is to be considered as "owned" by the buyer within the meaning of La. Const. (1974) Art. VII, Sec 20.

R.S. 9:2948, as enacted by Act 1030, does not change the substantive rights of purchasers under bond for deed contracts. Such purchasers do not, by virtue of Act 1030, become true owners of the property subject to a bond for deed contract, even though Act 1030 purports to deem such purchasers to be owners "for purposes of the homestead exemption". As such, it is the opinion of this office that Act 1030 is subject to constitutional challenge on the basis that it is in conflict with the provisions of La. Const. (1974) Art. VII, Sec. 20.

We are, however, unaware of any cases which have been filed alleging the unconstitutionality of Act 1030, and our research did not reveal any reported cases which have tested the constitutionality of homestead exemptions as applied to property which is the subject of a bond for deed contract. Therefore, this office is constrained to presume Act 1030, and the statutory provision enacted thereby, to be constitutional. State in the interest of J.A.V., 558 So.2d 214 (La. 1980); Gulf Oil Corporation v. State Mineral Board, 317 So.2d 576 (La. 1975).

Mr. Michael Wooden, CRA, CLA
OPINION NUMBER 93-504
Page -3-

In light of the presumed constitutionality of Act 1030 and R.S. 9:2948, and in the absence of a judicial determination to the contrary, it is the opinion of this office that homestead exemptions must be granted on property which is the subject of bond for deed contracts if the other essential elements necessary for a bona fide homestead, as listed in La. Const. (1974) Art. VII, Sec. 20, are met.

Trusting this adequately responds to your request, I remain,

Yours very truly,

RICHARD P. IEYOUB
Attorney General

BY: 

JEANNE-MARIE ZERINGUE
Assistant Attorney General

RPI:JMZ:jav
0323n

Appendix M

West Carroll Parish Tax Assessor's Findings and Response

Appendix M: West Carroll Parish Tax Assessor's Findings and Response

Residential Property Updates

We could not determine whether 26 of 135 properties (19%) in West Carroll Parish that were not updated should have been.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

We reviewed the assessment values for 135 properties in the parish and found that 26 (19%) were not updated between 1996 and 2000. However, no documentation existed to help us determine whether they should have been updated. The assessor took office in 2001, and she could not explain why the property values were not updated in 2000.

The West Carroll Parish Assessor lacks formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any written guidelines establishing the methodology she will use when updating property values, the frequency of the updates, or the documentation needed to justify changes in property values. As a result, the assessor has no documentation on how to update residential property values in West Carroll Parish.

The West Carroll Parish Assessor has no formal procedure to ensure that all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

As stated previously, the assessor has only been in office since 2001, and she has no mechanism in place to indicate which properties have and have not been updated. Therefore, she cannot ensure that all properties in the parish get updated.

Fair Market Value

The West Carroll Parish Assessor does not always update residential properties to fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

The current assessor has never revalued property and could not tell us what valuation methodology is or will be used. We used Marshall & Swift to calculate values for 25 randomly selected properties and compared our calculations to the values on the 2001 tax roll. We found the following:

- Twelve properties appear to be undervalued (48%).
- Nine properties appear to be overvalued (36%)
- Four properties appear to be valued at or near fair market value (16%).

The West Carroll Parish Assessor does not have formal documentation of the valuation methodology.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any documentation of the methodology used to reassess the parish or of how individual assessment values were calculated.

The West Carroll Parish Assessor sometimes uses outdated information to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

While reviewing the assessor's files for the properties we sampled, we found that most of the LAT1 forms being used to calculate current assessment values were dated back to 1977. Without current documentation, the assessor cannot ensure that properties are updated consistently or to fair market value. The lack of current information may be due to a lack of staff and resources. When the auditors visited the West Carroll Parish Tax Assessor, she had a two-person staff and mentioned that she has had to rely on volunteers to collect property square footage data.

Completeness of Tax Rolls

The West Carroll Parish Assessor uses informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said her office uses the following methods to ensure that the tax roll includes all properties in the parish:

- Conveyance records
- Inspections of the parish
- 911 system
- Appraisers, attorneys, abstractors, and mortgage companies
- Mapping

Homestead Exemption Eligibility

The following are the major areas where the West Carroll Parish Assessor appears to be misinterpreting the laws regarding homestead exemption eligibility.

- **The assessor grants homestead exemptions on use value land.** Neither the constitution, the revised statutes, nor the administrative code specifically state that use value land is eligible for exemption from ad valorem taxation. However, according to LAC 61:V.3503(D)(7), the income producing part of a homestead is not eligible. Most use value land (except marshland) is defined by law to be income producing (R.S. 47:2302); therefore, it may not be eligible for a homestead exemption.
- **The assessor grants homestead exemptions to income beneficiaries of trusts and to revocable living trust beneficiaries.** However, LAC 61:V.3503(C)(1) states that income beneficiaries of trusts are not eligible to receive homestead exemptions. Beneficiaries of revocable living trusts are also not eligible to receive homestead exemptions, according to AG Opinion 74-371.

Another area of the homestead exemption law that the West Carroll Parish Assessor may be misinterpreting is as follows:

Provision	Authority	Assessor's Response
A usufructuary is not eligible for a homestead exemption, except for a surviving spouse or child of a deceased owner.	LA Constitution Article VII, Section 20(A)(2) AG Opinions 82-1126 and 80-605	The assessor allows usufructuaries other than the surviving spouse and child to receive a homestead exemption.

MILDRED JONES, CLA
ASSESSOR, WEST CARROLL PARISH

P.O. Box 610
Oak Grove, LA 71263-0610
318-428-2371 FAX 318-428-4699



Jerry Garsee
Chief Deputy

April 2, 2003

Mr. Grover C. Austin
1st Assistant Legislative Auditor
1600 N. 3rd Street
P. O. Box 94397
Baton Rouge, LA 70804-9397

ATTN: Sharon B. Robinson

Via Facsimile 225- 339-3870
& U. S. Mail

In Re: Response to Performance Audit
West Carroll Parish Assessor's Office

Dear Mr. Austin:

In connection with the above referenced, I provide herein my formal response to your staff's recent audit of my office.

As you are well aware, my administration did not take office until January of 2001. At that time, we were faced with significant challenges related to budgetary constraints. These constraints were created primarily as a result of taxes paid under protest from our parish's largest commercial assessments. As a consequence, I have operated this office for the past two years by myself with the assistance of one deputy assistant.

Upon assuming office in January 2001, I immediately began compiling the existing records for the purpose of determining reassessment needs upcoming in the year 2004. We continue to make steady progress toward establishing "formalized" guidelines for the methodology to be used in this reassessment process. Your staff witnessed and observed the efforts being made in that process.

You can well imagine that this process and procedure that we are engaged in is significant, and I am sure that your office is conscious of the enormity of the task.

As you reported, our office does not have 100% current documentation on all parish properties. Your report made this clear. However, I would like to also point out that

Mr. Grover C. Austin
April 2, 2003
Page 2

your staff failed to document the efforts and progress that has been made thus far in their report. We will continue to work toward completing the assessment work that is constitutionally and legislatively required of our office and perform our duties in a timely and professional manner within the constraints of our limited resources here in West Carroll Parish.

Please thank your staff for their kindness and professional manner in which they conducted their audit.

With kindest regards, I remain

Sincerely,

A handwritten signature in cursive script that reads "Mildred Jones".

Mildred Jones
Assessor, West Carroll Parish.

MJ/jg

Appendix N

West Feliciana Parish Tax Assessor's Findings and Response

Appendix N: West Feliciana Parish Tax Assessor's Findings and Response

Residential Property Updates

Most of the residential property values we sampled in West Feliciana Parish were updated between 1996 and 2000.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at intervals no greater than four years.

Only three of the 133 (2%) property values we sampled were not updated but should have been. New assessment values were calculated in two cases, but the assessor did not update the tax roll to reflect these calculations. In the remaining case, the new assessment value was not calculated.

The West Feliciana Parish Assessor lacks formal policies and procedures for updating residential property values.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

The assessor does not have any written guidelines establishing the methodology he uses when updating property values, the frequency of the updates, or the documentation needed to justify changes in property values.

The informal procedure the West Feliciana Parish Assessor uses does not ensure that all residential properties are updated.

Article VII, Section 18(F) of the Louisiana Constitution of 1974, as amended, requires that all property subject to ad valorem taxation should be reassessed at least every four years.

The assessor relies on taxpayers to submit self-reporting forms (LAT1) that describe their properties and their current condition. However, he has no formal mechanism in place that ensures all taxpayers submit these forms. Specifically, the assessor's staff flags each property file as the LAT1 forms are received and the property values are updated. However, we found no evidence that the assessor or his staff reviews those files that are not flagged. Also, the assessor said that he does not review his staff's work. Therefore, he cannot ensure that all property values are updated.

Fair Market Value

The West Feliciana Parish Assessor does not always update residential properties to fair market value.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all properties to be assessed at fair market value. Also, R.S. 47:2323(C) establishes two different methods assessors may use to estimate fair market value of residential properties: cost and market.

The assessor generally uses a cost approach for updating residential properties; however, his method does not always result in fair market value. For example, we compared the values on the 2001 tax rolls for 25 sampled properties to values we calculated using Marshall & Swift and found the following:

- Three properties appear to be undervalued (12%).
- Eight properties appear to be overvalued (32%).
- Thirteen properties appear to be valued at or near fair market value (52%).
- We could not calculate Marshall & Swift value for one property because of insufficient property information (4%).

We also used the assessor's cost approach to calculate assessment values for 18 properties in one subdivision in the parish. We compared our calculations to the values on the 2001 tax rolls and found the following:

- Ten properties appear to be undervalued (56%).
- One property appears to be overvalued (5.5%).
- The assessor used 10% of the home's selling price as the value for one property and not his own method (5.5%).
- Six properties appear to be at or near fair market value (33%). However, as stated previously, the assessor's methodology does not result in fair market value.

The West Feliciana Parish Assessor does not have formal documentation of the valuation methodology.

Documented policies and procedures help to ensure that assessors are updating property values consistently within their parishes.

Although the assessor has documented the cost factors he uses when updating property values, he does not have any written documentation establishing the methodology he uses to calculate the cost factors. He also does not have any written guidelines outlining when to use the cost approach and when to use the market approach. We also found that the assessor does not update property values in a consistent manner. For example, the assessor used 10% of the selling price of the homes as the assessment values for three properties in our sample (12% of 25). When the assessor uses this method, he does not review the assessment values of the entire area to determine whether other properties need to be updated, as required by the administrative code. For six other properties (24%), the assessor used an arbitrary

percentage to update to the 2001 assessment values. Furthermore, he has no formal documentation with which to justify the varying methods he uses. Without formal documentation that shows a consistent method for valuing properties, the assessor cannot ensure that all properties are updated consistently or to fair market value.

The West Feliciana Parish Assessor sometimes uses outdated information to estimate fair market value.

Assessors need to know a property's basic physical characteristics, such as size, age, and general condition, to estimate fair market value. R.S. 47:2324 allows assessors to use self-reporting forms (LAT1 forms) to collect data on property characteristics from taxpayers.

As stated previously, the assessor relies on taxpayers to submit self-reporting forms (LAT1) to ensure that property values are updated. If a taxpayer does not submit a form for reassessment, the assessor will use the prior reassessment year's LAT1 form to calculate current assessment values. While reviewing the assessor's files for the properties we sampled, we found LAT1 forms dating back to 1986 that were being used to calculate current assessment values.

Completeness of Tax Rolls

The West Feliciana Parish Assessor uses informal methods to ensure that all properties appear on the tax rolls.

Article VII, Section 18(A) of the Louisiana Constitution of 1974, as amended, requires all taxable property to be listed on the tax rolls. However, Louisiana statutes and the LTC do not establish formal methods to ensure that all properties appear on the tax roll.

The assessor said his office uses the following methods to ensure that the tax roll includes all properties in the parish:

- Building permits
- Aerial photography (Past photos are now obsolete. The assessor plans to take new photos beginning February 2003).
- Mapping system

Homestead Exemption Eligibility

The following are the major areas where the West Feliciana Parish Assessor appears to be misinterpreting the laws regarding homestead exemption eligibility.

- **The assessor allows partial ownership to qualify for a homestead exemption.** However, LAC 61:V.3503(C)(4) states that property owned by two or more unmarried persons is not eligible for a homestead exemption except for minor children of a deceased owner.

- **The assessor grants homestead exemptions to living parents who transfer ownership of property to their children while maintaining occupancy.** According to Article VII, Section 20(A)(2) of the Louisiana Constitution of 1974, as amended, only the surviving spouse or minor child of a deceased owner is eligible for a homestead exemption if the spouse or child occupies the property. Homestead exemption laws require ownership and occupancy.
- **The assessor allows more than one homestead exemption to married and separated couples who provide proof of separation.** A homestead exemption can only be applied to the primary residence [Article VII, Section 20(A)(1) and AG Opinion 95-268]. LAC 61:V.3503(D)(1) also states that only one homestead exemption can be claimed.
- **The assessor grants homestead exemptions on use value land.** Neither the constitution, the revised statutes, nor the administrative code specifically state that use value land is eligible for exemption from ad valorem taxation. However, according to LAC 61:V.3503(D)(7), the income producing part of a homestead is not eligible. Most use value land (except marshland) is defined by law to be income producing (R.S. 47:2302); therefore, it may not be eligible for a homestead exemption.
- **The assessor does not grant homestead exemptions to principal beneficiaries of trusts.** However, LAC 61:V.3503(C)(1) states that principal beneficiaries of trusts are eligible to receive homestead exemptions.

Other areas of the homestead exemption law that the West Feliciana Parish Assessor may be misinterpreting are as follows:

Provision	Authority	Assessor's Response
People who are not permanent residents of the parish are not eligible for a homestead exemption.	AG Opinion 92-143	The assessor allows people who are not permanent residents of the parish to claim a homestead.
If a homestead consists of a field, pasture, or garden, the taxpayer is required to personally use the land.	LAC 61:V.3503(D)(8)	The assessor does not require the taxpayer to personally use the land.
The income producing part of a homestead is not eligible for a homestead exemption.	LAC 61:V.3503(D)(7)	The assessor allows part of the property (other than the land) to be used to produce income.
A usufructuary is not eligible for a homestead exemption, except for a surviving spouse or child of the deceased owner.	LA Constitution Article VII, Section 20(A)(2) AG Opinions 82-1126 and 80-605	The assessor allows usufructuaries other than the surviving spouse and child to receive a homestead exemption.

Unallowable Homestead Exemptions

The state constitution (Article VII, Part 2, Section 20) allows for one property to be exempted from state, parish, and special ad valorem taxes up to \$7,500 of the assessed valuation for an individual. In addition, the LAC provides that a person can claim only one homestead exemption. If two pieces of property are claimed as part of a homestead, one piece must include a residence and the other piece may be used by the owner as a field, garden, or pasture.

The West Feliciana Parish Assessor granted more than one homestead exemption within the parish for an individual property owner in 2001.

The assessor acknowledged that one (2%) of the 45 individual property owners we identified from the 2001 tax roll as potentially receiving more than one homestead exemption had received more than one homestead exemption. The assessor's staff said this property had been identified and removed from the 2002 tax roll.

Our methodology only addressed homestead exemptions where the properties are listed under the same name. If a person has more than one homestead exemption listed under different names, for example, maiden name and married name or husband's name and wife's name, we would not have been able to identify it.

Some individual property owners have homestead exemptions in West Feliciana Parish and East Baton Rouge Parish.

We became aware of nine property owners in West Feliciana Parish that had homestead exemptions on the 2001 tax roll but mailing addresses in East Baton Rouge Parish. Both parishes were among our sample of 12 parishes. We contacted the East Baton Rouge Parish Tax Assessor and his staff told us that at least four of the nine property owners had a homestead exemption on the 2001 tax roll in that parish, too.

W. D. SPILLMAN

ASSESSOR

WEST FELICIANA PARISH

P. O. BOX 279
ST. FRANCISVILLE, LA 70775

TELEPHONE (225) 635-3350

FAX (225) 635-9581

April 2, 2003

Mr. Grover Austin
First Assistant Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: West Feliciana Parish Tax Assessor's Office

Dear Mr. Austin:

I am providing this correspondence in response to your limited examination of the assessment practices of our office. The information in bold corresponds to the sections of your letter dated March 19, 2003.

Residential Property Updates

Most of the residential property values we sampled in West Feliciana Parish were updated between 1996 and 2000.

The report does not identify the property in question. There are circumstances where property value will not increase. Without identification of the property in question, I cannot explain the reason property values did not change from one year to the next.

Law requires us to reassess property every four years. This reassessment was done in 2000 based upon on 1999 data. The documents sampled by your auditor were 2001 records. These records may not reflect what was done for the year 2000 tax rolls.

The Louisiana Tax Commission on an average has checked this office twice a year. This procedure allows a 10% tolerance of error on the average of all property checked. In all of those years, they have never cited this office for failure to comply with the Louisiana Tax Commission guidelines.

The West Feliciana Assessor lacks formal policies and procedures for updating residential property values.

This office uses a standardized form to gather and update property values. These forms identify the information required for reassessment purposes. We designed this form from interviews with contractors and required data by Marshal and Swift Valuation book. These forms do not have written instructions; however, the data required is self explanatory.

"DEDICATED TO SERVING WEST FELICIANA PARISH"

The frequency of the update is every four years as required by law on reassessment. Property sales or new constructions are updated as they are sold or completed. New construction requires a building permit, which we obtain from the Police Jury office. In addition, this office receives a completion report that is used to update the tax rolls. Property transfer records are picked up every day from the Clerk of Court's office. All property transfers in a given year go on the tax rolls in the following year.

This office has three office employees including one field man besides the Assessor. We house the office employees in a single office in the West Feliciana Court House. Due to the limited staff and office size, we have not used a written policy to complete the above described procedure. The staff is trained and knowledgeable about the data required to update property values. Reviews and check procedures conducted by the Louisiana Tax Commission have not found omissions as a result of use of the form described above. The use of this form does provide assurance that we are obtaining the proper data.

The informal procedure the West Feliciana Parish Assessor uses does not ensure that all residential properties are updated.

I do not check every property on the tax rolls. One employee has thirty-six years of experience. Another employee has recently completed four courses of assessment practices. He is now a certified deputy assessor.

I do require that property values that differ significantly, up or down, are to be discussed with me. This procedure has been in place for eighteen years. The Louisiana Tax Commission has not cited this office for any failure because of the above practice and procedures. Consequently, I believe that the procedure provides adequate assurance that we update all property values.

Fair Market Value

West Feliciana Assessor does not always update residential properties to fair market value.

R.S. 47:2323 (C) establishes two different methods assessors may use to estimate fair market value of residential properties; cost and market. My office uses these methods for updating residential properties and meets R.S. 47:2323 (C).

Property purchased or acquired at the beginning of the reassessment period may differ from property acquired or constructed at the end of a reassessment period. As properties are reassessed every four years, these differences should decrease. However, some property sells for more value in a subdivision because of amenities such as interior design, etc. These are not factors used to value property for the purposes of the tax rolls.

The age of the homes will also have a significant impact on the value of the home. One property may be approximately the same size as an adjacent property. However, a significant age difference will affect the value of the different homes. The exterior siding can also affect the value of a home. Brick will generally have a greater value than a home with vinyl siding. Consequently, the value of homes in a subdivision might be similar in size, but they will not necessarily have the same value.

I do not know the training or background of your auditor. The International Assessor's Association has trained my staff. The Louisiana Assessor's Association administers this training. Besides this formal training, my staff has many years of experience in property valuations for purposes of tax assessment. I

believe that this training and experience qualify my staff to assess the property to meet R.S. 47:2323 (C).

To reduce the appearance of differences in values may require an annual reassessment. Current law does not provide for that procedure. Also, the cost of annual reassessment would be prohibitive, and may exceed the resources that would be available to conduct those reassessments annually. In addition, an annual reassessment would not remove the difference in values because properties in one subdivision will not have equal value as I explained above. Size is not the only determining factor used to value property. You state "these assessed values do not appear to be equitable." My office has complied with R.S. 47:2323 (C) and properly valued the property on the tax rolls. The effect of laws and procedures established by the Legislature and the Louisiana Tax Commission are beyond my control. My responsibility is to comply with this law that does permit residential property to be valued at cost and market.

Availability of Property Descriptions

The West Feliciana Parish Assessor sometimes uses outdated information to estimate fair market value.

My office does use form LAT1 to gather information for the purposes of updating property values. The use of this form is common among assessors throughout the state, and is permitted by law. In addition, my office uses a form that I described earlier, to gather the information to be used for updating the property values. The information is not outdated because it is used primarily as a description of the property.

We retain Old LAT1 forms because they provide valuable descriptive information about the property. This is important information used to reassess the property if the property owner does not provide a current LAT1 form. Retention of the old forms is only one of the tools and documents used to calculate current value. Use of forms dating from 1986 is used to obtain property description and details that we have accumulated over a period of years. A 1986 value was not used for the purposes of reassessment.

The West Feliciana Assessor does not have formal documentation of the valuation methodology.

This office does have procedures in place to provide assurances that a consistent and equitable procedure is used to update property values on a consistent basis. In previous responses to questioned items, I have addressed and explained our procedure for obtaining data necessary to update property values.

The experience of my staff and the formal training that they receive does assure that we fairly state the property values. The size limitation of our staff requires that they be cross trained and fully knowledgeable about all procedures that are necessary to develop current and accurate property values. As I have stated before, the Louisiana Tax Commission has consistently checked my office, and they have not cited us for failure to comply with state law or tax commission guidelines.

I have also explained how property values may differ within the same area for properties that are approximately the same size. Therefore, it is reasonable and expected that homes in the same subdivision will have different values. I have also explained the use of cost as a method for valuing the property, and how these cost values may differ depending upon which year of the reassessment cycle they acquired them. There will always be differences in the values of properties. However, the process of periodic reassessment does bring those property values closer together.

My office does use formal documentation to justify the method used to arrive at property values. This was explained in an earlier response, in which I detailed the use of the self designed form.

You do not identify the properties in question. Therefore, addressing the individual properties upon which you have based your percentage is difficult. Property valuations are an ongoing and ever-changing process. Our procedures do ensure that we update properties consistently to meet current laws and guidelines. If these laws and guidelines are changed, my office will comply with those requirements.

Completeness of Tax Rolls

The West Feliciana Assessor uses informal methods to ensure that all properties appear on the tax rolls.

I have explained in earlier responses that the Assessor's office obtains information on new construction from building permits that we receive from the Police Jury office. In addition, this office also receives a completion report. Property transfers are picked up every day from the Clerk of Courts office.

This office has continually updated its information and computerized the records and documents of the Assessor's office. In addition, this office has recently installed a GSI mapping system. This mapping system uses aerial photography that provides updated and current information. Louisiana statutes and the Louisiana Tax Commission do not establish formal methods to ensure that properties appear on the tax rolls. However, I believe that my procedures do assure that we include all properties on the tax rolls. If your procedure has shown any property that we have omitted, please provide that information to my office.

Homestead Exemption Eligibility

The assessor allows partial ownership to qualify for homestead exemption.

I am not aware of any instance where jointly owned property is granted homestead exemption. Every property owner must sign a statement that explains the conditions upon which homestead exemption are granted. I do not have access to background information that would allow me to question this statement. Therefore, if there are instances where these individuals have falsely signed a statement stating that they are qualified for homestead exemption, I am not aware of those situations.

The assessor grants homestead exemptions to living parents who transfer ownership of property to their children while maintained occupancy.

We grant the homestead exemption to parents with a usufruct of the property. They must claim this usufruct in their deed. I discussed this matter with the assistant district attorney before this practice began. His opinion is that this property does qualify for homestead exemption.

The assessor allows more than one homestead exemption to married and separated couples who provide proof of separation.

Those individuals who can provide proof of separation and maintain and physically occupy separate homes do qualify for homestead exemption. These individuals must use these properties as their primary home. I am not aware of any instance where we have granted an individual two homestead exemptions.

The assessor grants homestead exemptions on use value land.

Property that is part of the homestead is eligible for homestead exemption. The constitution does not prohibit use value land from homestead exemption. I contacted other assessors in the state and all of them use the same method as my office has used for granting a homestead exemption for use value land.

Unallowable Homestead Exemptions

The assessor granted more than one homestead exemption within the parish for an individual property owner in 2001.

Your office provided a list of 45 names that appeared to be nonresidents of West Feliciana Parish. I checked this list. All but one were residents of the parish. Usually, these were individuals who received their mail outside West Feliciana Parish. Sometimes, they received their mail in the surrounding parishes because it was closer to their physical residence. In other cases, the property tax notices were sent to the mortgage company. We found and corrected the only instance of a person receiving a homestead exemption twice in 2002 before your office began reviewing my procedures.

You indicate that you were not able to identify properties that may have been listed in different names. I also could not identify those properties unless some additional information became available that would show that a family is receiving a homestead exemption on two pieces of property. This would require that they falsified the statement that they must sign to receive homestead exemption. As I have stated earlier, I do not have background information or resources to investigate whether or not these individuals have falsified that statement.

The selection of 45 property owners without parish addresses does not represent a random sample of the residential property owners of the parish. Therefore, you cannot project that 2% of all property owners are receiving duplicate homestead exemptions. Your implication that one out of forty-five would be applicable to all residential property in the parish is not an accurate and correct statement. That could be just as easily been one in forty-five hundred rather than one in forty-five.

Some individual property owners have homestead exemptions in West Feliciana Parish and East Baton Rouge Parish.

We require individuals to sign a statement that the West Feliciana Parish property is their homestead. If I know, or suspect, a person has a homestead in another parish I will call and verify. You did not provide the name of the individuals in question; therefore, I cannot remove them from the West Feliciana Parish tax rolls. There is no statewide reporting that will allow my office to detect instances of duplicate homestead exemptions. This is not the result of the West Feliciana Parish Assessor's office failing to follow proper procedures. We make every effort to assure that individuals do not receive homestead exemption in separate parishes. Our office does not have the resources and personnel to make these inquiries throughout the state.

You have indicated that twelve assessors were selected throughout the state for purpose of applying your procedures. I believe that the comments in your report will infer that the twelve assessors selected are not doing a proper jobs of valuing the properties in their parishes. I also believe that your comments can

Mr. Grover Austin

April 2, 2003

Page 6

be taken out of context. This will unfairly expose those assessors to criticism that is not justified when you consider the volume and number of transactions that each assessor must process annually. I believe that your report would better serve the public if all assessor's in the state were subjected to the same procedure.

The Louisiana Tax Commission has consistently checked our office. Based upon that procedure, we have continued to improve. We have provided the citizens of our parish with a fair assessment and information necessary for the operation of government. I believe that we have achieved that objective.

If you have any questions concerning this correspondence, please do not hesitate to contact me.

Yours truly

A handwritten signature in black ink that reads "W. D. Spillman". The signature is written in a cursive style with a large, stylized "S" at the end.

W. D. Spillman
West Feliciana Parish Assessor

Appendix O

Winn Parish Tax Assessor's Findings and Response

Appendix O: Winn Parish Tax Assessor's Findings and Response

Unallowable Homestead Exemptions

The Winn Parish Tax Assessor granted unallowable homestead exemptions.

In Winn Parish, change orders filed in 1999, 2000, and 2001 were examined to determine if the change was allowable under the homestead exemption laws. Change orders are used to make changes to the tax rolls after the filing deadline. The LTC is required to certify all change orders. The change orders we examined changed taxable property to homestead exempt property. In addition, we found some unallowable homestead exemptions through follow-up to allegations made to our office. We found the following:

- **The Winn Parish Tax Assessor granted more than one homestead exemption within the parish for individual property owners.**

We noted at least two property owners that had more than homestead exemption in Winn Parish. For example, the Winn Parish Tax Assessor has received homestead exemptions on two homes for eight years. In 1995, the assessor's mother donated her Winn Parish home to the assessor and two other siblings but, according to the assessor, reserved a usufruct. The home is listed in the assessor's name and had continued receiving a homestead exemption. According to the assessor, this is a common practice in Winn Parish. As a result, the assessor had received two homestead exemptions for eight years, one on the donated home and one for his primary residence. The assessor has removed the homestead exemption since the auditors' last visit to his office.

The state constitution (Article VII, Section 20) allows for one property to be exempted from state, parish, and special ad valorem taxes up to \$7,500 of the assessed valuation for an individual. In addition, the LAC provides that a person can claim only one homestead exemption.

- **The Winn Parish Assessor granted homestead exemptions for rental property.**

Article VII, Section 20(A) of the state constitution requires that homestead exempted property be owned and occupied by a person. Rental property is not owned and occupied by the same person and therefore does not qualify for a homestead exemption. We found at least three instances of rental property with a homestead exemption in Winn Parish.

For example, on November 20, 2001, a city home and lots assessed for \$2,500 were changed from taxable to homestead exempt even though the owners have resided in Bossier Parish with another homestead exemption there since 1997. During this period, utility records indicate that a renter occupied the home. As of 2003, the rented home has remained under homestead exemption for three years.

- **The Winn Parish Assessor granted a homestead exemption to a corporation.**

LAC 61:V.3503(D)(1) prohibits corporations and partnerships from receiving homestead exemptions. However, we found at least one instance where the Winn Parish Tax Assessor granted a homestead exemption to a corporation from 1995 to 2002.

- **The Winn Parish Tax Assessor granted a homestead exemption in Winn Parish even though the property owner had a primary residence and homestead exemption in another parish or state.**

We found at least four instances where the Winn Parish Tax Assessor granted homestead exemptions to property owners that had a primary residence and homestead exemption in another state or parish. For example, one homeowner received a homestead exemption in Winn Parish even though the homeowner has lived in and has a second homestead in LaSalle Parish since 1995. Utility records indicate that someone other than the owner lived in the mobile home from 1994 to present. As of 2003, the mobile home will have been under homestead exemption for five years.

- **The Winn Parish Tax Assessor granted homestead exemptions for partial ownership of property.**

The constitution [Article VII, Section 20(A)] requires ownership of property in order to be eligible for a homestead exemption. The administrative code [LAC Title 61 Part V, Section 3503(C)(4)] states property owned by two or more unmarried persons is not entitled to the homestead exemption except for minor children of a deceased owner as specifically provided by the constitution. We found at least five instances where the Winn Parish Tax Assessor granted homestead exemptions for partial ownership of property. The following are examples of homestead exemptions granted through change orders for property owned by two or more unmarried persons.

- On November 10, 1999, a mobile home and suburban lot assessed for \$660 were changed from taxable to homestead exempt. This home is owned by four individuals, one of which is living in the home and is not the surviving spouse.
- On November 24, 1999, a tract of timberland assessed for \$740 was changed from taxable to homestead exempt by attaching it to another property with a homestead exemption. However, the property that was attached and the property it was attached to were both owned by undivided interest. As of 2003, the timberland will have been under homestead exemption for five years.
- On December 20, 1999, a rural home and suburban land assessed for \$1,140 were changed from taxable to homestead exempt. There were eight owners with 1/8 interest each, none of which live in the home. Three of the owners had duplicate homesteads in Bossier and Caddo parishes. Records indicate that a cousin of the owners was living in the property. Even though the owners have undivided interest, did not occupy the home and have homestead exemptions in other parishes, this rural home and suburban land will have been under homestead exemption for five years as of 2003.

The Winn Parish Tax Assessor could not provide a written response in time to meet our report processing deadline. However, all findings were discussed with him verbally.

Appendix P

St. John the Baptist Parish Tax Assessor's Findings and Response

Appendix P: St. John the Baptist Parish Tax Assessor's Findings and Response

Unallowable Homestead Exemptions

There are 400 or more property owners in St. John the Baptist Parish with two or more homestead exemptions.

The state constitution [Article VII, Section 20(A)(1)] allows for one property to be exempted from state, parish, and special ad valorem taxes up to \$7,500 of the assessed valuation for an individual. It also requires that homestead exempted property be owned and occupied by the person receiving the exemption.

According to the Chief Deputy Tax Assessor in St. John the Baptist Parish, there are more than 400 property owners who have two or more homestead exemptions.

For example, the Chief Deputy Tax Assessor in St. John the Baptist Parish owned three homes in that parish, one that he lived in and two where his children lived. For a five-year period from 1993 through 1997, he claimed two homestead exemptions. For an additional four-year period from 1998 through 2001, he increased his homestead exemptions to three after he acquired his third home in 1998. The Chief Deputy Tax Assessor said he was not aware of the laws and regulations that govern eligibility where a family is entitled to only one homestead exemption. He stated that the common practice of that parish's tax assessor is to provide multiple homestead exemptions to a property owner if a relative occupies the other home and rent is not collected. He said that in 2002 when an audit brought this to his attention, he removed two of the homestead exemptions.



HENRY HOTARD, JR., CLA
ASSESSOR
PARISH OF ST. JOHN THE BAPTIST
1801 WEST AIRLINE HIGHWAY
ROOM # 103
LA PLACE, LOUISIANA 70068

WHITNEY JOSEPH, JR.
CHIEF DEPUTY ASSESSOR
LA PLACE OFFICE
PHONE: (985) 625-5311
EDGARD OFFICE
PHONE: (985) 497-8788
FAX: (985) 652-8746

April 16, 2003

Grover C. Austin
First Asst. Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804

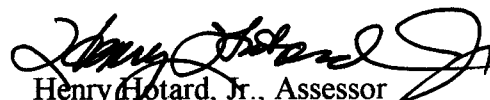
Dear Mr. Austin:

The practice of allowing Homestead Exemption to relatives when rent is not collected was started prior to my position as assessor.

All unallowable homestead exemptions in St. John the Baptist Parish have now been canceled, according to Article VII, Section 20.

This office will work with the state in developing procedures to better accumulate and store data on property and property owners in St. John the Baptist Parish.

Sincerely,


Henry Hotard, Jr., Assessor
St. John the Baptist Parish

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Appendix Q

Results From Survey of All 70 Louisiana Tax Assessors

Appendix Q: Results From Survey of All 70 Louisiana Tax Assessors

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Workload Distribution for All 70 Tax Assessors 2000-2001					
Parish	Total Number of Properties/ Parcels in Parish	Total Number of Employees *	Number of Employees Who Perform Appraisals *	Number of Properties/ Parcels Per Employee	Number of Properties/ Parcels Per Employee Who Performs Appraisals
Acadia	61,176	10.5	5	5,826	12,236
Allen	12,356	5.25	2.25	2,354	5,492
Ascension	38,291	13	6	2,945	6,382
Assumption	230,463	5	0	46,093	0
Avoyelles	31,709	7	1	4,530	31,709
Beauregard	19,750	7	2	2,821	9,875
Bienville	14,801	3	2	4,934	7,401
Bossier	77,999	26.5	10.5	2,943	7,428
Caddo	136,452	51.5	12	2,650	11,371
Calcasieu	61,608	20	4	3,080	15,402
Caldwell	9,426	2.25	2.25	4,189	4,189
Cameron	21,859	4	4	5,465	5,465
Catahoula	8,584	3	3	2,861	2,861
Claiborne	465,628	3	1	155,209	465,628
Concordia	32,942	3	2	10,981	16,471
DeSoto	20,109	8.5	2.5	2,366	8,044
East Baton Rouge	220,087	43.5	4	5,059	55,022
East Carroll	6,846	2.33	1.33	2,938	5,147
East Feliciana	10,309	6	2	1,718	5,155
Evangeline	20,837	4	2	5,209	10,419
Franklin	12,773	5	5	2,555	2,555
Grant	11,105	4.5	1.5	2,468	7,403
Iberia	64,107	11.5	11.5	5,575	5,575
Iberville	43,404	10	10	4,340	4,340
Jackson	19,679	2.5	0**	7,872	0
Jefferson	178,710	42	8	4,255	22,339
Jefferson Davis	28,000	4	2	7,000	14,000
LaSalle	8,225	3	3	2,742	2,742
Lafayette	77,523	22.5	9	3,445	8,614
Lafourche	51,468	9.5	8	5,418	6,434
Lincoln	24,832	10.5	9	2,365	2,759
Livingston	49,997	19	8	2,631	6,250
Madison	12,505	3	3	4,168	4,168
Morehouse	37,024	7	2	5,289	18,512
Natchitoches	23,371	5.5	1.5	4,249	15,581
Orleans - 1 st MD	6,652	5	1	1,330	6,652
Orleans - 2 nd MD	16,981	4.5	2	3,774	8,491
Orleans - 3 rd MD	77,355	17	4	4,550	19,339
Orleans - 4 th MD	7,507	3.5	2	2,145	3,754
Orleans - 5 th MD	42,241	3.8	2	11,116	21,121

Workload Distribution for All 70 Tax Assessors 2000-2001					
Parish	Total Number of Properties/ Parcels in Parish	Total Number of Employees *	Number of Employees Who Perform Appraisals *	Number of Properties/ Parcels Per Employee	Number of Properties/ Parcels Per Employee Who Performs Appraisals
Orleans - 6 th MD	18,626	4	2	4,657	9,313
Orleans - 7 th MD	12,781	4	1	3,195	12,781
Ouachita	80,142	22	6	3,643	13,357
Plaquemines	18,417	9	2	2,046	9,209
Pointe Coupee	14,104	6	2	2,351	7,052
Rapides	209,844	14	4.5	14,989	46,632
Red River	6,001	2.1	1	2,858	6,001
Richland	343,858	4	1	85,965	343,858
Sabine	21,563	8	4	2,695	5,391
St. Bernard	29,761	5.5	5	5,411	5,952
St. Charles	41,601	10	4	4,160	10,400
St. Helena	5,821	3	3	1,940	1,940
St. James	16,890	5.5	1.5	3,071	11,260
St. John the Baptist	35,356	6	2	5,893	17,678
St. Landry	73,976	11	4	6,725	18,494
St. Martin	35,000	5.5	5	6,364	7,000
St. Mary	43,274	15	4	2,885	10,819
St. Tammany	96,065	33	9	2,911	10,674
Tangipahoa	86,400	23	4	3,757	21,600
Tensas	8,290	2	1	4,145	8,290
Terrebonne	51,485	13	4	3,960	12,871
Union	27,550	4.5	4	6,122	6,888
Vermilion	50,391	8	8	6,299	6,299
Vernon	51,512	7	2	7,359	25,756
Washington	24,403	10	2	2,440	12,202
Webster	47,885	11	7	4,353	6,841
West Baton Rouge	10,540	4	3	2,635	3,513
West Carroll	19,349	1	1	19,349	19,349
West Feliciana	10,378	4	3	2,595	3,459
Winn	10,881	3	3	3,627	3,627
TOTAL	3,796,835	680	264	8,427 (average)	22,718 (average)
* Does not include assessor.					
** In Jackson Parish, the assessor performs appraisals.					
Source: Prepared by legislative auditor's staff from the July 2002 survey of 70 Louisiana Tax Assessors' Offices.					

How Often Assessors Review Properties to Determine Whether Assessed Value Needs Updating					
Parish	Annually	Every 2 to 3 Years	During Reassessment Year (every 4 years)	If Sales Activity in Area Indicates Needed Change	Other
Acadia			X		
Allen			X		
Ascension			X		
Assumption			X		
Avoyelles	X				
Beauregard				X	
Bienville			X		
Bossier	X				
Caddo				X	
Calcasieu				X	
Caldwell	X				
Cameron			X		
Catahoula			X		
Claiborne	X				
Concordia				X	
DeSoto			X		
East Baton Rouge			X		
East Carroll			X		
East Feliciana		X			
Evangeline			X		
Franklin	X				
Grant			X		
Iberia					X
Iberville			X		
Jackson			X		
Jefferson			X		
Jefferson Davis	X				
LaSalle		X			
Lafayette			X		
Lafourche			X		
Lincoln			X		
Livingston			X		
Madison			X		
Morehouse			X		
Natchitoches			X		
Orleans - 1 st MD					X
Orleans - 2 nd MD		X			
Orleans - 3 rd MD	X				
Orleans - 4 th MD		X			
Orleans - 5 th MD				X	
Orleans - 6 th MD				X	

How Often Assessors Review Properties to Determine Whether Assessed Value Needs Updating					
Parish	Annually	Every 2 to 3 Years	During Reassessment Year (every 4 years)	If Sales Activity in Area Indicates Needed Change	Other
Orleans - 7 th MD				X	
Ouachita			X		
Plaquemines			X		
Pointe Coupee			X		
Rapides			X		
Red River			X		
Richland	X				
Sabine	X				
St. Bernard			X		
St. Charles			X		
St. Helena		X			
St. James			X		
St. John the Baptist				X	
St. Landry			X		
St. Martin			X		
St. Mary		X			
St. Tammany			X		
Tangipahoa			X		
Tensas	X				
Terrebonne			X		
Union			X		
Vermilion			X		
Vernon		X			
Washington			X		
Webster			X		
West Baton Rouge			X		
West Carroll			X		
West Feliciana			X		
Winn	X				
TOTAL	11	7	42	8	2
Percent of all 70	15.7%	10.0%	60.0%	11.4%	2.9%
Source: Prepared by legislative auditor's staff from the July 2002 survey of 70 Louisiana Tax Assessors' Offices.					

Do Assessors Immediately Record Residential Property on the Tax Rolls at 10% of Its Selling Price?					
Parish	Yes	No	Parish	Yes	No
Acadia	X		Orleans - 2 nd MD	X	
Allen	X		Orleans - 3 rd MD	X	
Ascension		X	Orleans - 4 th MD	X	
Assumption	X		Orleans - 5 th MD	X	
Avoyelles	X		Orleans - 6 th MD	X	
Beauregard	X		Orleans - 7 th MD	X	
Bienville	X		Ouachita	X	
Bossier		X	Plaquemines		X
Caddo		X	Pointe Coupee		X
Calcasieu		X	Rapides	X	
Caldwell	X		Red River	X	
Cameron	X		Richland		X
Catahoula		X	Sabine		X
Claiborne	X		St. Bernard	X	
Concordia		X	St. Charles	X	
DeSoto	X		St. Helena		X
East Baton Rouge	X		St. James	X	
East Carroll		X	St. John the Baptist	X	
East Feliciana		X	St. Landry	X	
Evangeline	X		St. Martin		X
Franklin	X		St. Mary	X	
Grant	X		St. Tammany		X
Iberia	X		Tangipahoa		X
Iberville	X		Tensas		X
Jackson	X		Terrebonne		X
Jefferson	X		Union		X
Jefferson Davis		X	Vermilion		X
LaSalle	X		Vernon		X
Lafayette		X	Washington	X	
Lafourche		X	Webster	X	
Lincoln	X		West Baton Rouge		X
Livingston	X		West Carroll		X
Madison		X	West Feliciana	X	
Morehouse	X		Winn	X	
Natchitoches		X	TOTAL	41	29
Orleans - 1 st MD		X	Percent of all 70	58.6%	41.4%
Source: Prepared by legislative auditor's staff from the July 2002 survey of 70 Louisiana Tax Assessors' Offices.					

Source: Prepared by legislative auditor's staff from the July 2002 survey of 70 Louisiana Tax Assessors' Offices.

Assessors' Use of Computer-Assisted Mass Appraisal (CAMA) Systems					
Parish	Yes	No	Parish	Yes	No
Acadia	X		Orleans - 2 nd MD		X
Allen		X	Orleans - 3 rd MD		X
Ascension		X	Orleans - 4 th MD		X
Assumption		X	Orleans - 5 th MD		X
Avoyelles	X		Orleans - 6 th MD		X
Beauregard		X	Orleans - 7 th MD		X
Bienville		X	Ouachita	X	
Bossier	X		Plaquemines	X	
Caddo	X		Pointe Coupee		X
Calcasieu	X		Rapides	X	
Caldwell		X	Red River		X
Cameron		X	Richland		X
Catahoula		X	Sabine		X
Claiborne *			St. Bernard		X
Concordia		X	St. Charles		X
DeSoto		X	St. Helena *		
East Baton Rouge		X	St. James		X
East Carroll		X	St. John the Baptist	X	
East Feliciana		X	St. Landry	X	
Evangeline		X	St. Martin	X	
Franklin		X	St. Mary	X	
Grant		X	St. Tammany	X	
Iberia	X		Tangipahoa	X	
Iberville		X	Tensas		X
Jackson		X	Terrebonne	X	
Jefferson	X		Union	X	
Jefferson Davis		X	Vermilion		X
LaSalle	X		Vernon		X
Lafayette		X	Washington		X
Lafourche	X		Webster		X
Lincoln	X		West Baton Rouge		X
Livingston		X	West Carroll		X
Madison		X	West Feliciana		X
Morehouse	X		Winn		X
Natchitoches	X		TOTAL	23	45
Orleans - 1 st MD		X	Percent of all 70	33%	64%
* No electronic system.					
Source: Prepared by legislative auditor's staff from the July 2002 survey of 70 Louisiana Tax Assessors' Offices.					

**Methods Assessors Use to Ensure That Property Owners
Only Receive Homestead Exemptions for Their Primary Residences**

Parish	Check for Parish Residency	Match Applicant Names With Names on Sales Documentation	Check Identification	Check Unique Identifiers on Applications	Check Applications Against Filed Exemptions	Contact Other Parishes/ Assessors	Review Utility Bills/ Records	Check Mailing Addresses	Field Inspections	Other
Acadia					X	X				
Allen	X				X	X		X		X
Ascension		X	X		X			X		
Assumption		X			X					X
Avoyelles					X	X				
Beauregard	X				X	X		X		
Bienville	X	X	X		X					
Bossier					X					X
Caddo					X	X				
Calcasieu		X	X							
Caldwell	X	X			X					X
Cameron	X	X			X					
Catahoula		X			X					
Claiborne	X	X	X		X					
Concordia	X	X	X		X					
DeSoto		X	X		X					
East Baton Rouge		X	X		X					
East Carroll	X				X	X				X
East Feliciana		X	X		X					
Evangeline	X				X					
Franklin					X					
Grant					X					
Iberia		X	X		X					
Iberville	X	X	X	X	X					
Jackson	X	X	X		X	X				
Jefferson					X			X		
Jefferson Davis	X	X	X		X	X				
LaSalle	X	X	X		X					
Lafayette					X					
Lafourche					X	X				

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Parish	Check for Parish Residency	Match Applicant Names With Names on Sales Documentation	Check Identification	Check Unique Identifiers on Applications	Check Applications Against Filed Exemptions	Contact Other Parishes/ Assessors	Review Utility Bills/ Records	Check Mailing Addresses	Field Inspections	Other
Lincoln	X	X			X	X			X	
Livingston		X	X		X				X	
Madison	X				X					
Morehouse	X	X	X		X					
Natchitoches	X		X		X					X
Orleans - 1 st MD		X	X				X			
Orleans - 2 nd MD	X	X	X	X	X					
Orleans - 3 rd MD	X	X	X	X	X		X			X
Orleans - 4 th MD					X					
Orleans - 5 th MD		X	X		X		X			
Orleans - 6 th MD		X	X	X	X			X		
Orleans - 7 th MD		X	X		X					
Ouachita	X				X	X				
Plaquemines	X	X	X		X					X
Pointe Coupee	X		X		X					
Rapides	X				X		X		X	X
Red River	X		X		X	X				
Richland		X	X		X	X		X		
Sabine	X				X			X		
St. Bernard	X	X	X	X	X					
St. Charles	X				X	X				
St. Helena	X	X				X				
St. James		X	X		X					
St. John the Baptist		X	X		X		X			
St. Landry	X				X					
St. Martin	X	X	X		X					
St. Mary	X	X	X	X	X					X
St. Tammany		X	X		X	X				X
Tangipahoa	X				X					
Tensas	X				X	X				

**Methods Assessors Use to Ensure That Property Owners
Only Receive Homestead Exemptions for Their Primary Residences**

Parish	Check for Parish Residency	Match Applicant Names With Names on Sales Documentation	Check Identification	Check Unique Identifiers on Applications	Check Applications Against Filed Exemptions	Contact Other Parishes/ Assessors	Review Utility Bills/ Records	Check Mailing Addresses	Field Inspections	Other
Terrebonne					X					
Union	X	X	X		X					
Vermilion	X				X	X				
Vernon								X	X	X
Washington	X	X	X		X					
Webster	X				X					
West Baton Rouge	X		X		X			X		
West Carroll		X	X		X					
West Feliciana					X					X
Winn	X	X	X		X					
TOTAL	39	39	37	6	66	18	5	9	4	13
Percent of all 70	55.7%	55.7%	52.9%	8.6%	94.3%	25.7%	7.1%	12.9%	5.7%	18.6%

Source: Prepared by legislative auditor's staff from the July 2002 survey of 70 Louisiana Tax Assessors' Offices.

Appendix R

Louisiana Tax Commission's Response



Louisiana Tax Commission

M. J. "MIKE" FOSTER, JR.
Governor

April 17, 2003

BATON ROUGE OFFICE
P.O. BOX 66788
BATON ROUGE, LA 70896

RUSSELL R. GASPARD
Chairman

MR. GROVER C. AUSTIN
First Assistant Legislative Auditor
Office of Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: RESIDENTIAL TAX ASSESSMENT PRACTICES EXAMINATION

Dear Mr. Austin:

The Louisiana Tax Commission (LTC) acknowledges the limited examination findings of your agency's Residential Tax Assessment Practices determined in twelve (12) selected parishes.

We confirm that there exist some statewide problem areas concerning assessment practices in the residential classification of real property.

We, further, confirm a lack on the LTC's part to have a Policies and Procedures Handbook for the assessors to use for uniformity purposes. The LTC is currently initiating a Policies and Procedures Handbook for the assessors as assessment guidelines. This handbook will either be presented for adoption during our regularly scheduled Rules and Regulations Hearings or during an Emergency Rules and Regulations Hearing.

In early February, Governor Murphy "Mike" Foster, Jr. appointed a new member to the Commission and he appointed me to assume the chairmanship. One of the first actions that this new LTC administration proceeded to deal with was a more thorough review of the statewide change orders. We have already given the assessors preliminary instructions as to constitutional and statutory requirements their offices shall be required to adhere to. Most of our preliminary instructions already address the issues found in your Homesteads and Unallowable Homestead Exemptions inadequacies found in your conclusions of these property categories. And, we are addressing other areas of residential and/or real property ad valorem assessment concerns.

Currently, we are also preparing a LTC database website for the assessors to file assessment change orders and obtain various LTC reporting forms. Eventually the LTC website will include statewide assessment data from all seventy (70) assessors' offices; dependant upon the assessors' budget funds to participate in this centralized reporting database.

MR. GROVER C. AUSTIN

April 17, 2003

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The LTC welcomes any additional suggestions that the Legislative Auditor's might have towards achieving statewide ad valorem taxation equity and uniformity practices.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell R. Gaspar", with a stylized flourish at the end.

Russell R. Gaspar
Chairman

RRG/al

Cc: Mr. Jewette H. Farley, Member
Mr. Kenneth P. Naquin, Jr., Member
Ms. Ann R. Laurence, Confidential Assistant